# Daily Report

# Latin America

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# Daily Report
Latin America

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**Reportage on International Energy Conference**

*PA2809172495*

[FBIS Editorial Report] The following is a compilation of translated texts of reports on the Fourth International Energy Conference in Puerto La Cruz, Venezuela.

**Caldera Opens Conference**

Venezuelan President Rafael Caldera opened the Fourth International Energy Conference in Puerto La Cruz. He told participants:

[Begin Caldera recording] Venezuela feels proud and complimented for having been chosen as the venue for this fourth conference. Venezuela is also proud that it has a right to having been chosen for this event, because it is basically an energy producing country. [end recording]

He also highlighted the importance of OPEC unity and the role it plays in the price of oil.

[Begin Caldera recording] I believe that the 20th century is what has placed before the eyes of humankind the energy question. These meetings are relatively recent and I ask the messrs. delegates from consumer countries to pardon me if I say that the OPEC and its member countries have been promoters of rapprochement and understanding and for stressing the participation we have had in the privilege of having made leaders of all countries aware of the momentous problem that oil represents for the present and future of all peoples. [end recording]

The EEC proposed during this conference investing $300 billion in the next few years to prevent that energy continue destroying the environment. Participants have expressed their concern over this issue. (Caracas Venezolana de Television Network in Spanish 0200 GMT 26 Sep 95)

**PDVSA President Giusti on Current Oil Production**

Luis Giusti, president Venezuelan Petroleum Inc. [PDVSA], said at the end of the first day of discussions at the Fourth International Energy Conference in Puerto La Cruz, that current Venezuelan oil production is 2.4 million barrels a day and 2.6 million barrels a day of natural gas and condensate and that the possibility of a reaction does not necessarily entail a violation of production quotas. He highlighted that no discussions should be expected over figures and balances; the meeting is only intended for rapprochement. There is also the possibility that Venezuelan oil could gain markets due to increased demands. In addition to last year's increase in demand, which was of more than 1 million barrels a day. The figures have been reviewed and for 1996 it is estimated that the demand could grow 1.7 percent. For 1997 PDVSA is talking about a 2.2-percent increase in demand. This speaks of growing opportunities, this is why the current 69 million barrels a day production, in 10 years we would be talking of 78-80 million barrels a day. When speaking of development, Giusti highlighted that technology is of fundamental importance and to attract technology the countries have to create conditions by stressing incentives and not in subsidies. (Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Sep 95)

**Cuban Minister Portal on Energy Sector Opening**

Cuban Basic Industry Minister Marcos Portal announced today that Cuba will promote the opening of its energy sector to private firms that are interested in supplying NAFTA markets, according to a 26 Sep report datelined Puerto La Cruz.

"We are located in a strategic area that in future can be of great usefulness for large enterprises that want to participate in the island's energy exploration and exploitation projects," the official underscored.

During the Fourth International Energy Conference in Puerto La Cruz, Portal said that the oil demands of Canada, the United States, and Mexico, which comprise NAFTA, could be serviced from Cuba.

On the island, the sugarcane's waste pulp is used as a raw material to produce fuel to generate power and the intention is to install plants in sugar centrals throughout the Cuban territory, he explained.

He mentioned that French, Canadian, and British enterprises are carrying out energy exploration studies through contracts signed with the Cuban Government, which has authorized exploration works in the middle of its territory.

The official said that to take maximum advantage of future investments in the field of energy and supply markets such as the United States, it is necessary that the U.S.-imposed economic blockage be eliminated, which has been in effect for more than 30 years.

He admitted that the "blockade has reduced the economic potential of Cubans" and ruled out that this will be eliminated in the short term, thus it will be enterprises from other countries the ones that will be installed in the island to carry out investments.

When referring to new Mexican investment in Cuba, he said that "relations with Pemex (Mexican Petroleum), have always been very good and broad, but Mexico is experiencing a very complicated stage from the financial point of view and will depend on their conditions."

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In 1995, oil imports from Mexico will amount to 6 million barrels a year, but he ruled out that in the short term there will be increased participation of Mexican capitals in areas that the Cuban Government has opened.

Portal also said that the sugar industry, Cuba's main export product, has began to recover and forecasted that for 1996 there will be a 30-percent increase. (Mexico City NOTIMEX in Spanish 2314 GMT 26 Sep 95)

**Mexican Secretary on Oil Quotas**

Jorge Navarrete, Mexican under secretary for hydrocarbons of the Energy, Mines, and Parastate Industry Secretariat, announced during the Fourth International Energy Conference in Puerto La Cruz that there are Mexican enterprises interested in taking part in the oil opening processes taking place in Venezuela.

This "interest" is in the marketing of crude oils and to this effect it has already made the appropriate contacts with the country's highest oil authorities.

The Mexican official said that these talks are an initial stage, but meetings have already been held with the Venezuelan Energy and Mines minister and with top PDVSA officials.

"We are going to see what enterprises are interested in placing bids before the Venezuelan Government. The first announcements are scheduled for the end of October, therefore a definite reply will be known very soon."

Navarrete said that energy treaties between Mexico and Venezuela are nothing new, "and one example is the San Jose Pact, in which we are fully cooperating with and have renewed for the 15th time."

Navarrete said in the energy conference that currently there is a reasonable balance between supply and demand, with prospects for increasing demands.

Energy needs up to the year 2000 or 2010 could come from what are known as emerging economies from Southeast Asia and Latin America. (Caracas EL GLOBO (EL GLOBO ECONOMIA Supplement) in Spanish 26 Sep 95 p 9E)

**Cuban Basic Industry Minister Visits Hydro Dam, Steel Works**

Cuban Basic Industry Minister Marcos Portal Leon visited the installations of the Guri Hydroelectric Dam and Orinoco Steel Works during the Fourth International Energy Conference being held in Puerto La Cruz, as part of a plan to acquire Venezuelan advice for that country's hydroelectric development and reinforce exports of Venezuelan steel, especially tinplate.

Portal explained that for Cubans, who have little experience in hydroelectric development, Venezuela's experience can be very useful because Cuba is undergoing work on a dam that will generate 400 MW and Venezuela has hydroelectric plants of excellent design and of great size.

He added that Cuba is also interested in ecological handling and environmental protection experience, in view that the Cuban ecosystem is very fragile and Cuba has to develop several hydroelectric dams to take maximum advantage of the island's abundant water flow.

In the meeting with the directors of the Venezuelan Guayana Corporation (CVG), the convenience was discussed of bringing Cuban nickel and cobalt industry technicians to exchange experiences with Venezuelan engineers. "Cuba is receiving assistance from many countries, which are investing in the mining industry, and the Venezuelan experience can be useful to develop some of these businesses, especially because they are experts in some of the world's best current technologies."

The Cuban minister explained that he will take advantage of his participation in the World Energy Summit to propose the possibility to Venezuelan Energy and Minister Erwin Arrieta of transforming certain Cuban thermoelectric plants to burn Orimulsion. This could save the island foreign currency when purchasing fuel to generate electricity.

CVG President Elias Ynaty said that the visit by high-ranking Cubans is an important opportunity to expand not only commercial relations, but to exchange of technology.

"Here we have many possibilities for drafting a technical assistance agreement for this important Cuban project, in view that they have many energy limitations and want to reduce hydrocarbon imports," Elias Ynaty said.

There was also a suggestion of a probable lumber exchange through technical assistance by Proforca [expansion unknown], an CVG affiliate, which has developed more than 460,000 hectares of lumber forest to the North of the Orinoco River. A program is being developed for medium-sized industries once the forest is exploited. (Caracas ECONOMIA HOY in Spanish 27 Sep 95 p 14)

**Venezuela Maintains OPEC-Established Production Quota**

There is currently an stoppable growth in petroleum demand and there is also enough supply.

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This was stated by Luis Giusti, president of Venezuelan Petroleum, Inc. — PDVSA — in a speech at the Fourth International Energy Conference in Puerto La Cruz. He added that in order to guarantee an increasing supply of petroleum it is necessary to make heavy investments in search of new petroleum fields.

The PDVSA president noted that many countries will be increasingly dependent on petroleum and this is favorable to Venezuela, whose petroleum production is in keeping with the OPEC-established quota and with its commitments with the national treasury.

When asked how will the proposal to pay the foreign debt with petroleum presented by certain government officials, will be implemented, Giusti replied that he could not speak for the government, but that it is apparent that the country's foreign debt is a very grave problem and the government will find the best way to tackle it.

As for statements by the representative of the Republic of China, Giusti noted that forecasts in that nation indicate that it will experience an extraordinary growth in energy consumption due to its development pace.

Giusti added that the current international petroleum market is different to that of a few years ago, because there is now a psychological component that prevents the making of acceptable predictions; however, Venezuelan plans for the petroleum area are in keeping with the dynamics of a market characterized by constant change.

Finally, the PDVSA president said that Venezuela is currently selling 120,000 barrels per day of petroleum to Brazil and is also advancing a plan to build a refinery near the Brazilian border to refine heavy Venezuelan crude. He added that the Venezuelan Petroleum Corporation, Corpoven, which is a subsidiary of PDVSA, will be in charge of this project. (Caracas EL UNIVERSAL In Spanish 27 Sep 95 p 2-4)

**Energy Minister Says Profits Insufficient for New Investments**

Puerto La Cruz, 26 September (Venpress) — Venezuelan Energy and Mines Minister Erwin Arrieta said yesterday that competition in the fossil fuel area has affected profit margins of production and marketing, and thus, profits are insufficient to make the investments needed to meet future increases in energy demand.

The minister made this statement at the Fourth International Energy Conference that will close today. He added that market rules have increasingly regulated the interaction between active and passive production and consumption agents. Efficiency levels have improved dramatically while costs have been reduced considerably. Final consumers, however, have received no benefits from the difference that has remained dammed by the fiscal burden imposed by the government of many countries."

At the same time, he added, competition has increased and has undermined profit margins to the point that they could be insufficient to make necessary investments to face future demand growth.

"This is much more evident for fossil fuel as an energy source, because new discoveries are located in regions that are increasingly inaccessible and deeper," Arrieta noted. (Caracas EL UNIVERSAL In Spanish 27 Sep 95 p 2-4)

**OPEC President Assesses Conference Results**

The Fourth International Energy Conference in Puerto La Cruz strengthened the OPEC, said Erwin Arrieta, president of that petroleum cartel. Producing countries have many interests, but we have reached agreements, because we realize that the market could collapse should the current situation prevail, that is, each party acting on its own. The high attendance at this meeting evidenced this, and thus, common criteria are being adopted without compromises or rules:

[Begin recording Arrieta] The idea is to meet to avoid confrontations, to prevent price increases affecting consumers or price decreases affecting producers, and we should also take into account a very important factor, the environment. We think that men, who are the active agents, are the main factors in the protection of the environment. [end recording]

At any rate this meeting was politically favorable to our country, because Venezuela has gained new international prominence because it has been recognized as one of the countries with the highest proven reserves. It was announced that India will host the next international energy conference. (Caracas Venezolana de Television Network in Spanish 0200 GMT 28 Sep 95)

**Mercosur-EU Talks on Free Trade Zone Progress**

*PY2809202495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1153 GMT 27 Sep 95*

[FBIS Translated Text] Montevideo, 27 Sep (AFP-NA) — Negotiations, currently being held in Montevideo between the EU and the Common Market of the South (Mercosur) to establish a free trade zone between both blocs, are progressing at a breathtaking pace.

Only 17 months have elapsed since the first round of talks began in April 1994 which were aimed at bringing the two common markets closer together; and now

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a framework agreement to be analyzed by Mercosur countries' heads of state in Madrid his December is already in sight.

If forecasts by diplomats and experts, who will participate in the negotiations that to be held in Montevideo on 28-29 September, prove to be true, trade barriers between the EU and Mercosur will have been eliminated by the year 2000.

A virtual association between the EU and Mercosur — a customs union comprising Argentina, Brazil, Paraguay, and Uruguay — would bring forth the most powerful trade bloc in the world, with a population of more than 550 million, and accounting for 40 percent of the world's GDP.

The following is the chronology of negotiations that made this diplomatic and commercial agreement possible:

— 23 April 1994: Mercosur foreign ministers met with the Spaniard Manuel Marin, the European Commissioner for Latin American Affairs, in Sao Paulo (Brazil) to analyze the possibility of establishing a free trade zone with the EU.

— 14 May 1994: The Council of Ministers of the EU, convened in Luxembourg, approved the project drafted by the European Commission to deepen relations with Mercosur.

— 24 June 1994: The progress made in the consolidation of Latin American democracies and the impetus given to several regional integration processes met with the approval of EU heads of state and government during a meeting in Corfu (Greece).

— 19 October 1994: The European Commission launched a plan to "gradually and flexibly" set up a free trade zone with Argentina, Brazil, Paraguay, and Uruguay.

— 10 December 1994: During an EU summit meeting held in Essen (Germany), the European Commission was "empowered to negotiate" a framework cooperation agreement with Mercosur that was to be signed under Spain's presidency of the EU in the second half of 1995.

— 17 December 1994: Mercosur acquiesced in beginning official talks to negotiate the establishment of a free trade zone with the EU.

— 1 January 1995: Argentina, Brazil, Paraguay, and Uruguay established a customs union, as was provided for in the Mercosur timetable, but maintained a list of products that are temporarily exempted from paying the established common external tariff.

— 4 April 1995: The European Commission issued a "final negotiations mandate" to sign a framework cooperation agreement with Mercosur with the objective of establishing a free trade zone within a timeframe not to exceed five years.

— 6 August 1995: Mercosur presidents, assembled in Asuncion (Paraguay), acknowledged the EU final negotiation mandate and drew up an agenda for subsequent rounds of negotiations.

— 14 September [1995]: Diplomats and experts from both common markets came together in Brussels (Belgium) for the first round of negotiations to establish the basis for a framework agreement.

— 28 October [1995]: EU, Mercosur delegations are to begin a second round of negotiations to put the finishing touches to the final text that the heads of state and government will sign at the meeting slated for 15 December 1995 in Madrid.

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## Cuba

### Robaina Meeting With Businessmen 'Productive'

*PA2809164895 Havana PRENSA LATINA in Spanish 0037 GMT 27 Sep 95*

[FBIS Translated Text] United Nations, 27 Sep (PL) — Cuban Foreign Minister Roberto Robaina has termed interesting and productive the meeting he held with dozens of U.S. businessmen.

At the meeting, sponsored by the U.S.-Cuba Trade and Economic Council Inc. presided over by John Kaluvich II, Robaina explained the new Foreign Investment Law, business possibilities on the island, the banking system, and other aspects of interests for the participants.

Carlos Fernandez de Cossio, a high-ranking official of the Cuban Foreign Relations Ministry who is accompanying Robaina during this visit to participate at the 50th period of sessions of the UN General Assembly, disclosed some details of the meeting.

Fernandez de Cossio said that representatives of large U.S. corporations and high-ranking executives from the auto, pharmaceutical, telecommunications, grains production, and tourism industries attended the meeting.

Also present were representatives of some legal counseling firms, instead of personalities from corporations, who, he remarked, did not attend due to the persecution in the United States against those who make contacts with Cuban officials.

Fernandez de Cossio added that the meeting was very good. A great deal of interest in the information offered by Robaina was shown — in particular for the new Foreign Investment Law, the opportunities it offers, and the incentives it creates.

Interest was also shown in the delegations visiting Cuba, such as the delegation of European Union ministers accompanied by businessmen, as well as the property system established by the new law, and the possibilities regarding real estate.

The protection to foreign capital that is invested against claims between parties or third parties was another issue of discussion.

Asked if changes are also occurring in the banking sector, Robaina explained that in Cuba important steps are being taken in this direction and in all areas of the economy.

Fernandez de Cossio said he did not perceive any special apprehension among participants, although there was concern over the Helms-Burton draft bill, aimed at tightening the blockade against the Caribbean island — particularly its implications, possible impact, and significance in general.

They said it might be approved by Congress, but would be very difficult to implement, because third countries are not going to subject themselves to a law adopted by the United States.

Asked if the issue of indemnities for the nationalization of U.S. firms made by Cuba was addressed, Fernandez de Cossio expressed that no specific question regarding the issue was asked. However, the foreign minister stated that for his country, this does not constitute an obstacle to beginning negotiations with Havana.

He explained that Cuba has always, since 1960, been willing to negotiate an indemnization process, and that it was the U.S. Government who prevented it.

Robaina recalled that his country managed to negotiate mutually acceptable agreements with other states, and managed to compensate all under the regulations commonly practiced internationally.

The persons who met with Robaina — Fernandez de Cossio stressed — are aware of the fact that U.S. legislation prevents them from investing in Cuba and that there is even a trend to tighten the blockade, but there was no direct reference as to when the blockade will be lifted or anything in this regard.

He underscored that on this occasion attendance was a higher than at last year's meeting, as regards participants and the significance of corporations — namely, bigger and more important corporations.

### Foreign Minister Meets With Cuban-Americans

*PA2809200595 Havana PRENSA LATINA in Spanish 0459 GMT 27 Sep 95*

[FBIS Translated Text] United Nations, 27 Sep (PL) — The meeting between [Cuban] Foreign Minister Roberto Robaina and members of the Cuban-American community in New York turned into an dynamic dialogue, focused basically on the next "The Nation and the Emigrants" conference.

The meeting, characterized by its open and friendly atmosphere, was held yesterday at the headquarters of the Cuban permanent mission to the United Nations, and dozens of Cubans — of all ages — living in the most important U.S. metropolis attended it.

The attendees literally bombarded the Cuban official with questions regarding the preparations for the conference, which will take place in Havana between 3 and 6 November.

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Robaina gave a detailed explanation of Cuba's view of the most effective way to conduct this dialogue with immigrants living in different nations of the world. A majority of these immigrants live in different parts of the United States.

Robaina stressed that one idea is to set up four or five panels on topics of general interest. The interested parties will be able to attend the panels even if they are not already members of a particular organization, and will be able to participate in more than one discussion.

Robaina remarked that the doors are open to all sorts of suggestions regarding matters that should be discussed, in keeping with individual views. He added that the first conference, held in 1994, paved the way for enormous possibilities for exchanging views.

Robaina noted that Cuba cannot wait for the U.S. blockade to be lifted to normalize its relations with the immigrants. He warned that those who have made a political career out of U.S. relations with Cuba would like the conference to fail, and the sole prospect of its success worries them very much.

We must reach the time — he emphasized amid applause — when there are no more conferences, when the exchange of visits and matters of all sorts become normal occurrences, as is the case of all the civilized countries of the world with their nationals who live abroad.

Robaina explained that Cuba's problem, Cuba's conflict, is with the United States and not with the Cuban community.

This is the case — he added — because in 36 years, the U.S. administrations have done nothing good for Cuba, and those who are trying to make others see positive aspects in the Torricelli Law and the so-called Track Two only confuse and deceive people.

The large silent majority of immigrants living in the United States, when it awakens, will have a stronger voice than those minorities with money, a lobby, and access to the powerful circles of the U.S. Government, the minister predicted. However, he warned that the greater the success of this conference, the greater will be the attack by those who want to destroy Cuba.

Asked about various topics, Robaina referred to the new law on foreign investments, the interest by several immigrants to do business, not in tourism or large and medium enterprises, but on a small scale in projects that could help solve everyday problems of the Cuban society.

With this meeting, the foreign minister ended his second day of activities here, within the framework of the 50th regular period of sessions of the UN General Assembly. Yesterday, his agenda included meetings with foreign ministers from Iran, Zimbabwe, Indonesia, Iceland, Ireland, Belarus, Ukraine, Libya, Finland, and the presidential adviser of Western Sahara.

Well into the evening, he granted an interview to CNN in Spanish, in which he stressed his country's foreign policy positions regarding its willingness to establish normal relations with the United States; the need for the democratization of the United Nations and its security council; and other relevant international topics.

**Lage Briefs Colombian Businessmen on Investment Law**

*PA2909023195 Havana Radio Havana Cuba in Spanish 0000 GMT 28 Sep 95*

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban Vice President Carlos Lage presented the new Cuban Investment Law before more than 100 Colombian businessmen in Santa Fe de Bogota on Wednesday [27 September], pointing out the importance of opening the Cuban economy gradually. Lage said: We know the opening entails certain social risks. With order, however, it is possible to make changes and continue to guarantee the achievements of our revolution.

Referring to the Helms-Burton Bill, which intends to tighten the embargo against Cuba, Lage said the bill would undoubtedly become an additional obstacle in the way of the investment process but that the bill will not stop the process, just as the Cuban social process has not been stopped in more than 35 years despite the U.S. aggression.

Lage will meet with Colombian President Ernesto Samper tomorrow [28 September] prior to meeting with a considerable number of Colombian businessmen later the same day.

**Ciego de Avila, Las Tunas Conclude Military Councils**

*PA2909043195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 25 Sep 95*

[From the "NTV" newscast]

[FBIS Translated Text] The Military Councils of the Central and Eastern Armies concluded their plenary sessions today in Ciego de Avila and Las Tunas provinces, respectively. The historic city of Puerto Padre was declared a protected city.

Maintaining command and making the FAR [Revolutionary Armed Forces] more stable is what dominated

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the Central Army's Military Council, held in Ciego de Avila. A comprehensive analysis marked the assessment of the Turquino Plan's progress. The Council pointed out the need to reactivate the mountainous areas and fully recover the objectives for which this plan was created. The idea is to transform the mountainous areas by developing their fundamental regions, for which the country requires resources. Although there has been modest progress, it was established very clearly that the Turquino Plan is still plagued by deficiencies and aspects to be corrected if the mountainous areas' strategic aspects are to be turned into reality.

The country's financial situation was also discussed. The minister of finance and prices called on government authorities to take advantage of opportunities and compete with self-employed producers through efficiency and quality. Later, the minister referred to the financial measures in force in the country.

[Begin Minister Manuel Millares Rodriguez recording] It has always been said that the measures were a support, a contribution and a way to stimulate what constitutes the life [words indistinct] by producing more. [end recording]

The Eastern Army's [Military] Council closed with a call for the Ciego de Avila Province [words indistinct] and its general work in the first six months of 1995.

**Station Announcer Reads CDR Anniversary Message**

*PA2809234495 Havana Radio and Television Networks in Spanish 0130 GMT 28 Sep 95*

["Text" of the anniversary message of the Committees for the Defense of the Revolution, read by station announcer Manolo Ortega; place and date not given — recorded]

[FBIS Translated Text] Well, I am not going to dance, fellow Cubans. I will simply tell you that there are only a few hours to go before the 28th. How many days, months, and years have passed! Sometimes we think it was yesterday that Fidel called to us to get organized, block after block, to resolutely confront the difficult times that lay ahead. These have been happy days of defended dreams, when even smiling has been important. Our commander in chief has said: The history of the revolution would not have been possible without the history of the CDR's [Committees for the Defense of the Revolution]. We could add that, without the revolution, we could not have had a history because the revolution has been the reason for our victory, the motive of our struggle, and the nourishment of all our actions.

We will stand up to the future, defending the life of our neighborhoods, forging our own path courageously. Our future tasks have also been our historic tasks. Thirty-five years after the birth of the revolution, we are still defending its achievements; feared by our enemies, aided by our friends, and followed by the people who make up our ranks as one man. This is the celebration of nearly 8,000,000 Cubans. It is the joy of the revolutionaries who in difficult times laid the groundwork for the organization that today strengthens their rank and file, prepares to tackle new jobs with renewed energy, and guarantees its tradition by renovating itself. Only firmness, intelligence, and calm have made it possible for us to resist the inhuman embargo, whose most dramatic victim has been the Cuban family. It has been in our neighborhoods that the harshness of the U.S. embargo has made itself felt in all its inhumanity. Yet it is also here that the revolution has found greater evidence of loyalty and patriotism.

During this new anniversary of our triumph, despite the difficulties we have encountered, despite those who take advantage of us for profit, despite those who rush to forget their dreams, we CDR members, patriots and followers of Martí of a fine lineage, reconfirm that we could perhaps postpone our ideals but not forget about them. Better times will not come through divine whim. We know how to forge better times with the sweat of our brow, the intelligence of our people, the tenacity of our party, and the active participation of all CDR members in the shared work of lifting the homeland to the summit of the Turquino.

Let us toast [words indistinct] to the future. History will look with admiration at the Cuban nation's [words indistinct]. Congratulations, people of the CDR people! Let us say, as we have always said and as we will always say: Fatherland or Death! We will win!

## Haiti

**CEP Publishes Results of 17 Sep Elections**

*PA2809193895 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Sep 95*

[From "The Waking Up" newscast]

[FBIS Translated Text] The members of the Provisional Electoral Council [CEP] have kept their promise. Actually, the publication of the results has already been done. As they did in the first ballot, the members of the Lavalas Party have won this second ballot by a wide margin. First, in the Department of the West, the Lavalas Party has won eight of the 10 seats in competition in the lower chamber. The two others have been won by

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an independent candidate for the fourth district of Port-au-Prince and a Union of Patriotic Democrats candidate in La Gonave.

The only senatorial position in competition in the [Department of the] West has been won by independent candidate Jean-Robert Sabalat, who is close to the Lavalas sector.

In the Department of the North, the Lavalas Party has won four of the five seats in competition for the Chamber of Deputies. The other seat was won by a candidate of the National Reconstruction Movement group.

In the [Department of the] South, all the deputy seats have been won by Lavalas candidates.

In the Department of the Artibonite, Lavalas candidates won eight of the 10 deputy seats. The National Front for Change and Democracy and the National Congress of Democratic Movements each had a candidate elected to the lower chamber in this department. Candidate Samuel Madistin, still of the Lavalas Party, has been elected senator for the Artibonite.

In the southeast, Lavalas candidates won three of the five deputies seats and two senatorial seats in June [as heard].

In Grand'Anse, the Lavalas Political Platform won two thirds of the deputy seats.

In the Department of the Center, the Lavalas Party has won five of the six posts, of the six deputy seats — and one post of senator that had to be filled.

Two thirds of the deputy seats have also been won by Lavalas candidates in the Department of the Northwest.

In the Department of the Grand'Anse, the Lavalas Party has also won two thirds of the seats in the lower chamber.

In the northwest, the deputy seats have been shared in equal portions among an independent candidate, a candidate of the Popular Organizations Gathering Power, and a Lavalas candidate; the senatorial seat having been won by the Lavalas Party.

On the whole, Lavalas candidates have won 42 out of 46 deputy seats that were in competition and the four senatorial seats. This confirms the predictions of a Lavalas majority in the Haitian Parliament.

**CEP Announces Second Ballot for 8 Oct**

*PA2809195895 Port-au-Prince Signal FM Radio in French 1030 GMT 28 Sep 95*

[From "The Waking Up" newscast]

[FBIS Translated Text] It should be pointed out that the second round of elections in four of the five districts in which it was canceled is scheduled to be held on 8 October — the Haiti Press Agency learned from a source close to the Provisional Electoral Council [CEP] on 27 September. According to the same source, the results of the first round of the elections in these areas on 17 September will be published today — which has just been done. You just heard these results.

The four districts in which the elections will take place on 8 October are, in the Department of the West, the second district of Fond-Verrettes/Ganthiers, and the third district of Cornillon; in the Department of Grand'Anse, the first district of Corail/Roseaux and the first district of Hanse-d'Hainault and Les Irois.

The second round of elections for the Administrative Councils for the Communal Sections [Casec] will be held on the same date in three [number as heard] communes: Kenscoff, in the third communal section of Grand-Fond; Croix-des-Bouquets, in the third section of Belle-Fontaine; L'Asile, the first communal section of Nan Paul; in the third communal section of Tournade; in the second and ninth communal sections of Jeremie; and in the second communal section of Moron.

The electoral campaign for this second ballot in the above-mentioned areas is scheduled to begin on Sunday, 1 October, and to end on 6 October at midnight.

Furthermore, the Provisional Electoral Council [CEP] has maintained the date of 28 September for the publication of the results of the second round of balloting that took place on 17 September. The CEP has kept its word. The results of these elections were actually published this morning.

**Parties Reject Results, Seek Formation of New CEP**

*PA2809200295 Port-au-Prince Radio Metropole in French 1500 GMT 28 Sep 95*

[FBIS Translated Text] A group of 22 political parties called for boycotting the legislative elections held on 13 August and 17 September, and has rejected the results published by the Provisional Electoral Council [CEP].

These parties continue to demand the formation of a new CEP with the participation of the political parties and a total resumption of the electoral process. The parties that reject the results of the elections say the attitude of

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the electorate during the elections of 13 August and 17 September, with — according to them — participation rates of 20 to 15 percent shows that the immense majoritiy of the Haitian people are not partisans of Lavalas, according to the political parties boycotting the two ballots of 13 August and 17 September.

The Lavalas Platform, President Aristide's coalition, has won the second round of the legislative elections by a wide margin, thus ensuring an overwhelming majority within the Parliament, according to the results that were published yesterday. Out of the 18 seats to be filled in the Senate, the presidential coalition, with seven new elected representatives in the second ballot, henceforth holds 17 seats and is assured of an absolute majority in the upper chamber, which has 27 members.

The Lavalas Platform has also [word indistinct] the absolute majority in the Chamber of Deputies, where President Aristide was in minority. With 42 deputies newly elected in the second ballot, it henceforth holds 66 out of the 83 deputies seats.

Partial parliamentary elections will be held for four deputies who have to run again next 8 October, following the cancellation of the elections in the first round for irregularities.

**MKN, PAN, MOP Urge Aristide To Call National Conference**

*PA2809140795 Port-au-Prince Radio Metropole in French 1600 GMT 27 Sep 95*

[From "The Midday Newscast"]

[FBIS Translated Text] Three political parties are pleading for a national conference. The officials of three parties — the National Cooperative Action Movement [MKN], the Genuine National Party [PAN], and the Bel-Air branch of the Movement for the Organization of the Country [MOP] — say in a joint communique that the urgency of the need to rescue the nation requires that vital sectors of the nation be gathered around a table of reconciliation. Volvick Remy Joseph, Serge Beaulieu, and Greger Jean-Louis call on the head of state to convene this conference.

According to these three political leaders, such a conference could be used to define the nation's political, economic, and social priorities. They also wish the national conference to be a prelude to the process of recovering the nation's sovereignty and having occupying forces leave the national territory.

**Aristide: 'People Are Free To Say What They Want'**

*PA2809161495 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Sep 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] Jean-Bertrand Aristide, the head of the Haitian state, says he is waiting for the official proclamation of the results of last 17 September's elections to take a public stand as regards the upcoming presidential elections. Concerning the unceasing requests expressed by a portion of the population that the president recover the three years he spent in exile following the military coup of September 1991, Aristide openly says that we are in democracy and that the people have the right to express themselves freely.

[Begin recording, in Creole] [Aristide] I just told you this is a democracy. The people are free to say what they want and the president is obliged to listen to all voices in respect [words indistinct].

[Unidentified reporter] [Passage indistinct]

[Aristide] The Provisional Electoral Council [CEP] is supposed to publish the results soon, as it has said. Then, it is going to work on the next step. The CEP is independent. It had the mandate, in freedom and independence, to hold the legislative elections and to carry on with the electoral process by going through the presidential elections. Now, it has not yet given the results of the legislative elections; so, we must wait for it to publish the results and then see what [words indistinct] going to say as regards the next step. [end recording]

**Presidential Order Declares 15 Days of Mourning**

*PA2809162895 Port-au-Prince Signal FM Radio in French 1030 GMT 27 Sep 95*

[From "The Waking Up Newscast"]

[FBIS Translated Text] The main headline is that 15 days of national mourning have been ordered throughout the territory of the Republic as of Friday, 29 September up to Saturday, 14 October, by presidential order published by the Ministry of Information and Coordination. The national flag will fly at half-mast on all public buildings until Saturday, 14 October. The highlight is that business and the public services will observe a holiday on Saturday, 30 September. So will discos and places usually reserved for parties, balls, and so on.

This order says: Considering that on 29 and 30 September 1995 [year as heard] soldiers led by a small band of treacherous officers overthrew — by means of a slaughter unprecedented in the country's history — the regime

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of Jean-Bertrand Aristide, who was elected during the first free and honest elections held, seven months earlier, in the country; and that the country endured, during the three long years that followed the coup d'etat, the worst excesses of the military clique allied to all retrograde forces in the country — ranging from murders and rapes to the assassination and slaughter of selected populations;

Considering that 29 and 30 September bring back the anniversary of these odious actions, and that consequently the government and the Haitian people must join together to commemorate in an appropriate manner the period of 29 September to 14 October 1995 [year as heard] national mourning will be observed throughout the territory of the Republic from Friday 29 September until and up to Saturday 14 October. As I said a while ago, the national flag will fly at half-mast on all public buildings until Saturday, 14 October and — a bit of news that will please the workers — the business and the public services will observe a holiday on Saturday, 30 September.

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**Report Outlines Trade Conflicts With U.S.**

*PA2809155195 Mexico City LA JORNADA in Spanish 25 Sep 95 p 49*

[By Patricia Munoz Rio]

[FBIS Translated Text] NAFTA has not reduced commercial conflicts between the United States and Mexico nor has it spared the market of unfair trade practices. On the contrary, the number of conflict cases has increased and the country occupies fourth place in a list of nations calling for the implementation of penalties on this type of practice.

Last year and so far throughout this year, Mexico has imposed definite or temporary compensatory tariffs on 12 U.S. import items because of unfair trade. During this period Mexico initiated four investigations, suppressed tariffs on one product, concluded six investigations, discarded two requests for investigations from Mexican businessmen, and reviewed three compensatory tariff cases.

A report from the International Trade Practices Unit of the Secretariat of Commerce and Industrial Development [Secofi] reveals that this past year many conflicts were added to big bilateral commercial conflicts that existed before NAFTA came into existence — conflicts that have to do with steel, in its various modalities, tuna, and cement. The new conflicts involve textiles, beef, and various chemical products.

The documents reveal that bilateral trade conflicts between Mexico and its main trade partner have increased since 1994, the year when NAFTA went into effect.

In February 1994, two months after the trade agreement went into effect, Mexico initiated unfair trade practice investigations on the importing of steel pipes from the United States and decided not to maintain similar investigations on U.S. sodium carbonate, polybutadiene rubber, and 2 ethyl-hexane imports.

In June of that year, the Mexican Government initiated investigations on U.S. beef imports and on diamine phosphates, also from the United States, and in July imposed temporary compensatory tariffs on gasoline additives and caustic soda presuming dumping practices in our market.

In August, Mexico decided to impose compensatory tariffs on steel sheets and galvanized lamina imported from the United States, decided to check on the introduction of rolled steel sheets and imposed a definite customs on rolled laminae from the country to the North.

In October, the Mexican Government eliminated the compensatory tariffs on rolled-in-cold laminae. That month also, the United States decided not to punish Mexican steel-nipple imports.

In November 1994, however, Mexico started investigating the entry of seamless steel pipes and ended the investigations on the entry of polystyrene, flat steel, bond paper, homopolymers, and polypropylene, as well as on cellulose materials [tripla de celulosa].

This is how, during the year in which people expected NAFTA to better regulate commercial exchange, the number of conflicts of this nature increased surprisingly.

A similar dynamics is maintained in 1995, because, in April, Mexico set a compensatory quota on cold-rolled and hot-rolled steel sheet plates and steel sheet plates. All of these are products are made in the United States. In May, the U.S. government decided to tax Mexican-made rolled steel shapes [perfiles], steel pipes, and perforation pipes. In August, the Mexican Government levied additional customs tariffs on vinyl floor coverings, acrylic fibers, vinyl polychloride, and certain fur-lined clothing, which suppliers from the neighboring country are presumed to be unfairly introducing in the country.

In addition, in the case of steel, in which a binational panel ruled in favor of the United States, Mexican official have said that they could still refute the ruling in order not to lift the "customs tariffs penalty" to products coming from the neighboring northern market.

Secofi's International Trade Practices Unit affirmed that, between 1991 and 1995, the number of antidumping investigations ending in the setting of compensatory punishments increased by 566 percent.

Eighty-nine compensatory quotas on products from different countries, especially from the United States are currently in effect. Of these quotas, 19 are temporary and 61, 45 percent of the total, are definite quotas. This means that, while one out of three cases in the United States ends with a quota, this penalty is applied in one out of two cases in Mexico.

Information from the Mexican Action Network on Free Trade stated that, even though Mexico has won panels of discussions on these cases at the former GATT, there are no entities whatsoever that could force the United States to rectify its position.

**Zedillo Initiates Infrastructure Investment Fund**

*PA2809202695 Mexico City XEW Television Network in Spanish 0430 GMT 26 Sep 95*

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has initiated the Infrastructure Investment Fund [Fondo de

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Inversion en Infraestructura] with an initial capital of 1.7 billion new pesos, which will be channeled through the National Bank of Works and Public Services [Banobras] to carry out social works to create jobs nationwide through the private sector.

President Zedillo, before local and foreign businessmen, bankers, economic cabinet members, and labor representatives such as Fidel Velasquez, leader of the CTM [Confederation of Mexican Workers], said that this fund, which comes from the Contingency Fund and port privatization, may be augmented by federal government contributions. This, he added, will revive the economy and create jobs, because it entails the stimulation of industries, such as construction, and will bring about balanced regional development:

[Begin Zedillo recording] With effort and discipline, we are advancing with firm steps toward achieving the recovery of economic activity and employment level. [end recording]

The Infrastructure Investment Fund, he noted, is another step toward attaining full recovery and a comprehensive and balanced growth of development with equity. The president witnessed the signing of the fund establishment agreement by the secretaries of finance, communications and transportation, and the director of Banobras.

Finance Secretary Guillermo Ortiz spoke before the president during the ceremony. He said that once the most critical phase of the crisis is overcome, once the main imbalances that hastened it are reversed, the Infrastructure Investment Fund will become an essential bridge between the phase that we are currently experiencing and the phase of recovery and economic stability, and yet another phase, the one of firm and sustainable growth:

[Begin Ortiz recording] This fund seeks to promote private infrastructure investments through the contribution of capital, guarantees, and technical and financial advice. [end recording]

This fund will deal with projects promoted by municipal, state, and federal authorities, as well as business and social organizations. Fernando Acosta Martinez, president of the National Chamber of the Construction Industry, pointed out:

[Begin Acosta recording] This will create opportunities for joint participation and will define clear lines of action that will soon lead to revival of our economy, a path of economic growth, creation of productive jobs, and progress. [end recording]

This ceremony was held at the Adolfo Lopez Mateos Room of the Los Pinos official presidential residence.

**Roundup of Mexican Economic Developments**
*PA2809150895*

[FBIS Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 27 September.

Mexican and Canadian authorities report that trade figures rose 16.6 percent and that Mexican exports to Canada rose 18.8 percent between January and July 1995. Bilateral trade during that period totaled approximately $1.805 billion, 22.3 percent higher when compared to the same period in 1994. However, the rate of bilateral trade growth dropped 15.4 percent during that same period, compared with a 32-percent increase reported between 1993 and 1994. Mexican exports to Canada rose $2.255 billion — a 6.74 percent increase — while Canadian exports to Mexico totaled only $450 million. Industrial assets registered the greatest activity (39.1 percent), followed by energy products (32.3 percent), consumer goods (28.5 percent), and machinery and equipment (26.5 percent), during the first half of 1995. Mexico's agricultural balance shifted from a $32.8 million deficit in 1994 to a $6.6 million surplus in 1995. (Mexico City NOTIMEX in Spanish 1702 GMT 25 Sep 95; datelined Ottawa)

Cesar Flores, chairman of the National Association of Bus, Truck, and Trailer Producers (Asociacion Nacional de Productores de Autobuses, Camiones, y Tractocamiones; ANPACT), warns that a deep crisis prevails in the industry. Assembly plants are practically inactive and work at 10 percent of their capacity, inventories are so high it would take six months to absorb them without manufacturing a single additional unit, investments are frozen, and sale levels equal those registered in 1970. ANPACT figures indicate that the industry sold 32,595 units in 1993; that the figure dropped to 30,638 units in 1994; and that sales as of August total 3,434 units, which is an 84.96-percent drop compared with 1993. (Mexico City LA JORNADA in Spanish 25 Sep 95 pp 60, 50)

Bank of Mexico reports indicate that the public sector has become the main user of banking credits. The information reveals total credit granted to commercial and development banks during the first half of 1995 totaled 96.1725 billion new pesos more than the December 1994 figures, adding that 31.4663 billion new pesos were given to the Federal Government and 3.8743 billion new pesos were given to state and municipal authorities. Credits to the public sector represent 36.74 percent of the total resources added to the overall credit granted by commercial and development banks in that period (32.4456 billion new pesos from development banks and 2.985 billion new pesos from commercial banks).

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Moreover, the balance of credit granted to the manufacturing sector decreased from 90.3068 billion new pesos in December 1994 to 87.4153 billion new pesos in June 1995. Private banks' credit to credit card holders as of June decreased by 2.7968 billion new pesos compared with the December 1994 figures. Furthermore, commercial banks' credit for the purchase of durable consumer goods during the first half of 1995 totaled 11.5772 billion new pesos, which represents 2.226 billion new pesos less than the amount registered in December 1994. (Mexico City LA JORNADA in Spanish 25 Sep 95 pp 60, 50)

Decio de Maria Serrano, assistant foreign trade and investment secretary, said the assembly plant sector generated 85,500 new jobs during the first eight months of 1995 — a 14.3-percent increase compared with the same period in 1994 — adding that the sector's work force now totals 682,000 workers. The official indicated that 2,700 assembly plant programs are currently under way in the country, 49 percent located at the border and 51 percent in the countryside. The information indicates that assembly plant activity is concentrated in three areas: textiles (54 percent), wood and metal furniture (11 percent), and electronic materials (9 percent). Referring to investments, 35 new enterprises have invested 15 million new pesos (32 percent in Baja California, 17 percent in Tamaulipas, and 14 percent in Chihuahua). Investment in machinery and equipment during the first eight months totaled 36 million new pesos. The industry generated $20 billion in exports during the same period. (Mexico City REFORMA in Spanish 26 Sep 96 p 22A)

Preliminary figures from the National Chamber of the Iron and Steel Industry (Camara Nacional de la Industria del Hierro y el Acero; Canacero) indicate national steel production increased 19.2 percent during the first eight months of 1995, with production of 7.8 million tons. The largest production figure (867.1 thousand tons) was recorded in August. A factor which contributed to this growth was the small steel mills' operation (210.9 thousand tons in August). The production of sheet metal products increased 15.5 percent compared with August 1994; sheet rolls production increased 100.4 percent; tin production increased 39.8 percent; and cast iron production increased 23.7 percent. (Mexico City REFORMA in Spanish 26 Sep 95 p 20A)

Two reports issued late last week indicate that unemployment levels have hit an all-time high, in excess of seven percent. The information indicates that almost 250,000 jobs were lost in July alone. The Central Bank of Mexico revealed that the inflation rate rose during the first half of September. Prices increased 1.25 percent during the first half of September, while they increased 1.66 percent in August. (Mexico City XEW Television Network in Spanish 0430 GMT 26 Sep 95)

The uncertainty surrounding last week's remarks by Finance Secretary Guillermo Ortiz with respect to the need to refinance part of "short term" foreign debt maturities falling due in 1996 partly encouraged the strong instability recorded recently in the country's financial market. In addition, the apparent revival of political differences within the PRI (Institutional Revolutionary Party) and the "likelihood of a break between the sectors taking part in the Pact for Well-Being, Stability, and Growth" also contributed to the strong instability taking place in the domestic financial markets. (Mexico City EL FINANCIERO in Spanish 26 Sep 95 p 4)

Mexican Petroleum (Pemex) has reported that natural gas production in Mexico totals nearly 4 billion cubic feet per day, an amount that could easily increase and surpass the maximum historical level attained by the company in 1982. Gas extraction levels currently surpass the December 1994 levels by 400 million cubic feet per day. (Mexico City LA JORNADA in Spanish 25 Sep 95 p 50)

A recent report made public by the Economic Research Institute of the National Autonomous University of Mexico (UNAM) forecasts that by the end of the year internal savings will be equivalent to 12.5 percent of GDP, the lowest level since 1980 and 30 percent less than in 1988. (Mexico City LA JORNADA in Spanish 25 Sep 95 pp 1, 50)

According to an investigation by EL FINANCIERO's economic analysis department, based on information obtained from the Bank of Mexico and the National Institute of Statistics, Geography, and Information Science (Inegi) it is feared that Mexico will close 1995 with an inflation rate estimated at 50 percent, which will be similar to the 51.7 percent actual rate recorded in 1988. Observers claim that Mexico is viewed as a nation that has yet to learn from its past mistakes, and after major attempts to implement a solid growth policy the country still finds its objective unattainable. During the first half of the year, real GDP declined by 5.8 percent with respect to the same period last year. This decline is comparable to the 4.2 percent GDP fall recorded in 1983. (Mexico City EL FINANCIERO (Analysis Supplement) in Spanish 25 Sep 95 p 3A)

Mexico's foreign debt payments between 1996 and 2000 will amount to nearly $33.943 billion, which represents a yearly average of $6.619 billion, according to figures released by the Finance and Public Credit Secretariat. Mexico's long-term foreign debt currently stands at $97 billion. (Mexico City EL FINANCIERO in Spanish 26 Sep 95 p 7)

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The Finance and Public Credit Secretariat has reported that the National Rural Credit Bank (Banrural) will become a network of regional banks, in which the country's private sector will be able to participate. The Finance Secretariat also said that regional banks that are morally and financially solvent will be able to participate. (Mexico City LA JORNADA in Spanish 26 Sep 95 p 42)

Mexico's international reserves dropped by $22 million as of 22 September. The country's international reserves now stand at $15.118 billion. (Mexico City NOTIMEX in Spanish 1537 GMT 27 Sep 95; datelined Mexico City)

Interest rates for Treasury Certificates (Cetes) registered a sharp increase in all its issues, the highest in the last two months. Financial experts said it is the result of the government's efforts to curb speculation. (Mexico City NOTIMEX in Spanish 1653 GMT 27 Sep 95; datelined Mexico City)

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## Guatemala

### De Leon Carpio Pushes 1996 Budget for Social Investments

*PA2809130095 Guatemala City LA REPUBLICA in Spanish 25 Sep 95 p 2*

[FBIS Translated Text] President Ramiro De Leon Carpio yesterday said that if the deputies in congress decide not to approve the country's 1996 General Budget for Income and Expenditures, they will jeopardize the social investment projects included in the budget.

De Leon Carpio made this statement when commenting on the Guatemalan Republican Front (FRG) legislative bloc's decision not to approve the budget and to carry out a campaign to get the independent deputies to support this initiative. The budget bill presented by the Finance Ministry (MFP) amounts to 11,345,585,000 quetzals.

"The deputies are entitled to decide on the issue, and they will know whether to approve the budget or not. After all, this is not my problem, I will not be present to fulfill the next term. The elected president will be the one facing the problems, since he will have to resort to the 1995 budget," De Leon Carpio said.

De Leon Carpio noted that this year's budget does not meet the needs for the required 1996 social investment, as resources will be needed to comply with the accords signed during the peace process and for the Peace Agreement to be signed by the government and the commanders of the Guatemalan National Revolutionary Unity (URNG). This agreement will put an end to the 35-year-old armed conflict.

De Leon Carpio stressed that Finance Minister Ana Ordonez de Molina answered all questions made by members of the Congressional Finance Committee, "and I understand that precise information was given to the congressmen, and was found satisfactory. I also understand that the Finance Committee will issue a resolution shortly. Nevertheless, at the bottom of it all, the deputies who attend the plenary session are the ones who will decide whether to approve it or not. Since, I am confident of the deputies' ability and sense of responsibility, I believe the budget will be approved."

The negative position of the FRG deputies is based on this year's low investment, a conclusion that the deputies drew from the report by the finance minister on 30 August that noted that 716.9 million quetzals went to social funds.

According to deputy Mario Rivera Cabrera, the deputies trust [as published] the aforementioned figures, which seem to cover up confidential or discretionary expenditures, since the money was handled at whim, without a certification of the projects that were carried out.

### De Leon Refuses To Abandon Peace Talks With Rebels

*PA2809162695 Guatemala City Televisiete Television in Spanish 1900 GMT 26 Sep 95*

[From the "Channel Seven News"]

[FBIS Translated Text] President Ramiro De Leon Carpio has announced his firm determination to continue with the peace negotiation process even though the Chamber of Agriculture has requested that talks should not continue given certain guerrilla actions.

[Begin De Leon recording] You know I have a commitment toward Guatemala. The agreements and the negotiations are being done on behalf of the Guatemalan Government and people, mainly on behalf of the Guatemalan state, and a peace process cannot be interrupted just like that. There are obstacles, difficulties, and vicissitudes. We have been immersed in an internal military confrontation and, thus, the negotiation process and peace process must obviously have their obstacles and problems. However, we cannot possibly withdraw from the negotiations table. I cannot simply assume responsibility just like that.

Let us remember that all the peace processes have historically faced difficulties, and they continue to include a reality, meaning the clashes, attacks, and explosive devices. They are reprehensible and deplorable because human lives are at stake. We have this in the Middle East and Eastern Europe. Peace processes are under way everywhere and they face a reality — terrorist attacks, etc.

That is deplorable and, fortunately, we do not carry them out but, to interrupt peace negotiations — I would consider this to be a great and grave irresponsibility on my behalf. Nevertheless, I respect the opinion of the business group that requests it. They have their reasons, and it is certainly angering, reprehensible, and criticizable to be at the negotiations table while human lives are lost or people are punished with the payment of a war tax, etc.

All that is criticizable but, unfortunately, it is a reality. The confrontation has been going on for 24 years and, like I said, I have a responsibility toward the Guatemalan people — to continue at the negotiation table and struggle up to the last moment so we may achieve progress. If a peace agreement is not signed I will go down in history as someone who tried to achieve progress and get closer to peace; and it will be very pleasing for me —it will be a great honor and a great satisfaction — to go as far as we can. [end recording]

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## Honduras

### New Group Threatens To Execute U.S. Citizens

*PA2809162595 Tegucigalpa Telecadena 7 y 4 in Spanish 0000 GMT 27 Sep 95*

[From the "Trailblazing" newscast]

[FBIS Translated Text] The self-styled organization known as the Revolutionary Patriotic Forces [Fuerzas Revolucionarias Patrioticas (FRP) issued a communique to the press today, claiming to work for a free, peaceful, and democratic Honduras. The communique, signed by a commander of justice [comandante de justicia], notes, among other things, that the organization is concerned with crime and corruption. It accuses the government of looking the other way and describes the police as ineffective. The organization warns that it will take action and apprehend and execute not only street criminals but also white collar criminals. They warned that they will administer justice to those white collar thieves who do not go to jail, naming some well-known politicians and even former Armed Forces chiefs and officers. They said that justice should be fair. Finally, the so-called FRP demands that the government repatriate Ramon Mata. They said that if Ramon Mata is not returned to Honduras in a reasonable amount of time, they will execute all U.S. citizens here in Honduras. Although we don't know how the FRP's warning should be taken, we acknowledge receipt of the communique. It should also be noted that the signature on it is totally illegible. We believe that, as journalists, although the organization is not well-defined or identified, the public should know of their warning.

## Nicaragua

### U.S., Venezuelan Petroleum Concessions Rejected

*PA2809170695 Managua Radio Sandino in Spanish 1200 GMT 26 Sep 95*

[From the "What's Happening?" newscast]

[FBIS Translated Text] Deputy Foreign Minister Jose Pallais has said that the petroleum prospecting concessions granted by the Honduran Government to Venezuelan and U.S. corporations in Nicaraguan territorial waters do not have the approval of national authorities.

Any concessions granted or to be granted by Honduras south of parallel 17 have no validity, nor are they recognized by Nicaragua, Pallais affirmed. Honduras has delivered petroleum prospecting concessions in that undelimited area to U.S., Venezuelan, and Honduran corporations.

## Panama

### Press Reports Reactions to U.S. Bases Renegotiation

*PA2809220795*

[FBIS Editorial Report] Panama City Spanish-language newspapers on 28 August carry several news reports and articles on the reaction from persons representing different segments of society to the announcement by President Ernesto Perez Balladares during his recent visit to Washington that the Panamanian and U.S. Government have agreed to begin "exploratory" consultations regarding the permanence of U.S. bases in this country beyond 2000.

EL PANAMA AMERICA on page e-16 carries a 250-word report by Juan Pritsiolas citing comments by Roberto Aleman Z., former president of the National Foreign Relations Council, former ambassador to the United States, and negotiator of the 1967 Canal Treaty Bill. Aleman notes that the "negotiation on the permanence of U.S. bases in Panama must 'clarify' the matter regarding the use of the U.S. dollar when the Torrijos-Carter Treaties end." He added he did not share the certainty of other economists that "there will be no problem regarding the use of the dollar beyond 31 December 1999."

A 400-word report on by page 1 by LA ESTRELLA DE PANAMA states the "Panamanian Nationalist Forum, made of university professors, yesterday rejected a possible renegotiation of the U.S. military presence in Panama beyond 2000." During a news conference, the forum members said "the objective of this group was to 'maintain a canal run by Panamanians for the benefit of the nation's interests, without foreign military bases in order for the canal to be truly neutral.'"

LA PRENSA on page 38 carries a 600-word five-point article by Horacio Rodriguez, oversight [fiscalizacion] secretary of the Confederation of Workers of the Republic of Panama. Rodriguez begins by noting that a "the struggle of generations of Panamanians that led the Treaties would have been meaningless" if there is a renegotiation of the U.S. bases. In his second point, the author argues that the presence of U.S. military bases will not reduce unemployment, and in fact, "may inhibit the arrival of investment capital in the country," since who would "want to invest millions of dollars in setting up a business near a base that can be reached with a car bomb?" In his third point, he rejects the idea Panamanians cannot run the canal. Rodriguez in his fourth point acknowledges that those who want the bases to stay would win in a referendum, but notes the "United States has already decided to cut its military spending."

In his fifth point, the author rejects the idea the bases could be used to fight drug trafficking, as the "United

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States has kept those bases since 1903 and drugs have been smuggled under its own noses." Also on page 38, LA PRENSA carries a 400-word article by Papa Egoro President Ruben Blades, who ran for president in the 1994 elections. Blades poses 10 questions to the ruling Democratic Revolutionary Party [PRD]. Among these questions, he wants to know if keeping the U.S. military bases in Panama is not at odds with the constitutional ban on the Army. Does this suggest "that our military is bad but the foreign military is good?" he asks next.

Blades wants to know "how many jobs will be protected if the Howard, Rodman, Fort Sherman bases, and the areas with U.S. telecommunications equipment remain under U.S. control." "How many new jobs will created?" he asks. "After 13 years of PRD rule (from 1977 to 1989) and five years of an Arnulfist government (1990-94)," he asks why was no strategy designed to use the reverted areas, if we knew "by virtue of the 1977 Treaties the exact date they would be returned to Panama, and considering we had 18 years to do so?" He concludes with the following question: "What would happen if the U.S. Government decides to make us pay for the costs of the stay of their bases, since they were not included in its fiscal budget? What will the national government do to collect the funds? A telethon?"

LA PRENSA on page 39 carries a 600-word article by businessman Carlos Arango Jr. who notes the topic of the renegotiation of the bases was inexplicably hidden until the last minute from President Perez Balladares' agenda. The U.S. presence in Panama "has brought may benefits" to this country, he notes, but admits relations "have been stormy at times." Nevertheless, the author sees no reason why "the country cannot exercise its sovereign right" to allow them to stay.

The author voices his concern over the recent trend at the Pentagon "to remilitarize Latin America to counter the negative influence of drug trafficking." "Although the Pentagon has not learned the lesson of what the military are capable of doing with regard to drug trafficking, Panamanians had to suffer a national tragedy to learn this lesson," Arango affirms. In a referendum, he fears, the voters may be swayed to vote against the permanence of the U.S. bases if they feel "their freedom and democracy is at stake." To prevent this from happening, he advises the two governments to pledge not to "militarize the Public Force, but quite the opposite, strengthen it so it can be what all of us want it to be: a civilian police of a free and democratic country."

**Business Leader Views Trade Relations With Cuba**

*PA2809192795 Panama City LA PRENSA in Spanish 27 Sep 95 p 4*

[By Hermes Sucre Serrano]

[FBIS Translated Text] Ricardo Ortega, president of the Panamanian Association of Business Executives (APEDE), said that the United States has no right to interfere in the affairs of countries that maintain trade relations with Cuba, much less to threaten them with sanctions.

Ortega added that the United States' political and economic power does not grant them the right to meddle in the internal affairs of other nations.

Ortega made the statement after rumors spread from Washington saying that President Clinton's government might sanction countries maintaining trade relations with Cuba.

"I would like to know if they plan to halt aid to Germany, Italy, Israel, and Spain, which are countries with considerable investments in Cuba," Ortega said.

Ortega added that any diplomatic problem that develops at the international level should be dealt with at the United Nations or OAS, in order to avoid any interference in the foreign relations of free countries.

Ortega made the statement during CAPAC [Panamanian Construction Board] 95, an exhibition at the ATLAPA Convention Center, in which 110 local and international firms participated.

Ortega stressed that Panamanian foreign relations are directed by the president and the foreign minister, and not from abroad as some people have claimed.

"We do not have to ask the gringos for permission to do anything, and I do not believe that any other sovereign country should have to," Ortega said.

**President Discusses Visit to Colombia**

*PA2909024995 Panama City Telemetro Television Network in Spanish 1730 GMT 28 Sep 95*

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares has returned following a visit to the Republic of Colombia, where he met with his colleague, Ernesto Samper.

In addition to talking about topics of bilateral interest, Perez Balladares also talked about the current political situation in Colombia. The presidents spoke about trade, the coordination of efforts to fight money laundering,

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and the status of Colombian prisoners in Panama. Perez Balladares, upon his arrival at Paitilla Airport in Panama City, said that despite the current political situation in Colombia, he hopes this country, especially its democratic institutions, will come out ahead, because what happens in the neighboring nation could adversely affect Panama in the future.

[Begin recording] [Balladares] We want democracy to prevail in Colombia. We do not want their democratic system to collapse because this could adversely affect our own democratic institutions.

[Unidentified reporter] Mr. President, are you going to attend the Ibero-American Summit?

[Balladares] Of course I must attend. [end recording]

As for the situation of the Colombian prisoners in Panama, he said that they cannot be extradited back to their country until the Colombian Congress ratifies the Agreement for the Observance of Criminal Law [Acuerdo de Cumplimiento Penal] that exists between the two countries.

Balladares talked about the reception by both countries of cars traveling between Colon, Panama and Cartagena, Colombia and vice versa.

[Begin Balladares recording] The proper health measures need to be taken to prevent the spread of foot-and-mouth disease in Panama and of course in Central America. That was the reason for the trip and in that regard, it was successful. [end recording]

The coordination of efforts to fight money laundering will be made through the exchange of information so that authorities from both countries can previously deny admission to persons who are suspected of being involved in illegal activities.

Balladares informed Samper about the talks held with U.S. President Bill Clinton regarding the proposal to establish a center to fight drug trafficking in the reverted areas of the Panama Canal.

**Legislators React to President's Speech to Assembly**

*PA2909003295 Panama City Telemetro Television Network in Spanish 1730 GMT 26 Sep 95*

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] There were reactions to President Ernesto Perez Balladares' speech to the Legislative Assembly's full session. Let us listen to some of them in the following report.

[Begin recording][Balbina Herrera, legislator from the Democratic Revolutionary Party, PRD] Beware. We are talking with the United States here. We are talking with a country that has left many traumas in this country. Beware. We must not run away from a conversation.

[PRD Legislator Oyden Ortega] It is the duty of all public officials, it is the duty of the president of the Republic to consult all citizens regarding a topic such as this. This is not a commitment of principles, it is not the beginning of a negotiation, but a great national debate should take place.

[Ruben Arosemena, legislator from the Christian Democratic Party] We have to wait and see if that many number of foreign investments will come. Meanwhile, the people continue to suffer from the rise in bread prices and the rise in family basket prices. The government must find immediate solutions for this.

[Daniel Arias, legislator from the Arnulfist Party] Let's hope this trip will bring real benefits to this country, which has an alarming rate of poverty. [end recording]

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## Argentina

### Cabinet Chief Rejects U.S. 'Pressure' Over Patent Law

*PY2809181595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2150 GMT 27 Sep 95*

[FBIS Translated Text] Buenos Aires, 27 Sep (NA) — Specifically hinting at expressions voiced by U.S. Trade Representative Mickey Kantor, Cabinet Chief Eduardo Bauza today noted that Argentina "would not accept any type of meddling by foreign governments in the patents law issue."

Before delivering his report to the Chamber of Deputies plenary, Bauza described as "deplorable" the remarks that Kantor made to Raul Granillo Ocampo, the Argentine ambassador to the United States, on the amended patents bill due for discussion in Congress.

During Kantor's talk with Granillo Ocampo, which was subsequently transcribed in a communique, the U.S. Government proposed to participate in the process of regulating the pharmaceutical patents bill that the Chamber of Deputies will surely approve on 28 September. The U.S. Government noted that, if an "administrative improvement" is not provided for in the bill, it would take "strong reprisals against Argentina."

Asked about the pressure used by Kantor, Bauza said: "The Argentine Government will be in charge of regulating the bill that the deputies will discuss on 28 September."

The cabinet chief emphasized: "We will not accept, in any way, meddling by other countries in our own legislation."

Nevertheless, Bauza expressed his belief that the amended patents bill and the executive branch regulation "would" ultimately "have to conform to GATT standards."

Concerning Kantor's threat of imposing trade sanctions on Argentina, Bauza emphasized: "We do not share his remarks."

Bauza added: "We do not believe that the United States would take reprisals because of Argentina's issuance of a patents law within the framework of the GATT agreement."

Bauza noted: "Of course, they are pursuing a benefit for their country. We have to pursue a benefit for our own country."

The Chamber of Deputies should approve the "amended" patents "bill" on 28 September; in April, President Carlos Menem vetoed a bill that had been approved by the two chambers and regulated, by issuing a decree, a GATT chapter on intellectual property.

The struggle began when the lawmakers [words indistinct] foreign pharmaceutical laboratories could collect royalties for marketing in Argentina foreign patented medicines outside that eight-year period, while the government wanted these royalties to be paid from 1 January 1996.

An agreement was achieved after a proposal was raised to approve an amended bill, reducing the deadline for beginning the payment of royalties from eight to five years, but this proposal did not satisfy the foreign pharmaceutical laboratories or the U.S. Government.

### Congress Approves Patents Law Correction

*PY2809221695 Buenos Aires TELAM in Spanish 2107 GMT 28 Sep 95*

[FBIS Translated Text] Buenos Aires, 28 Sep (TELAM) — The Chamber of Deputies this afternoon finally approved the bill correcting the Patents Law. The new law reduces the deadline for paying royalties on pharmaceutical inventions from eight to five years.

The bill received the votes of the Justicialist Party bloc and other provincial legislators, while Radical Civic Union and Frepaso [Front for a Country in Solidarity] legislators voted against it.

### TELAM Publishes Text of Oil Agreement With UK

*PY2809033395 Buenos Aires TELAM in Spanish 1729 GMT 27 Sep 95*

[FBIS Translated Text] Buenos Aires, 27 Sep (TELAM) — The following is the full text of the joint declaration on oil cooperation in the waters surrounding the Malvinas Islands signed at the UN Headquarters today by the Argentine foreign minister and the UK foreign secretary.

The present document was simultaneously released in Buenos Aires and London by the Argentine Foreign Ministry and the UK Foreign and Commonwealth Office respectively.

Cooperation on Offshore Activities in the Southwest Atlantic

1. The Governments of the Argentine Republic and of the United Kingdom of Great Britain and Northern Ireland have agreed that the following sovereignty umbrella, based on the formula included in the joint communique issued in Madrid on 19 October 1989, is to be applied to the present joint declaration and resulting instruments:

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(1) Under no circumstances shall the content of the present joint declaration or any other similar future joint declarations and meetings be interpreted as:

a) A change in the UK's stance on sovereignty or territorial and maritime jurisdiction over the Malvinas Islands, South Georgia Islands, and South Sandwich Islands and their territorial waters.

b) A change in the Argentine Republic's stance on sovereignty or territorial and maritime jurisdiction over the Malvinas Islands, South Georgia Islands, and South Sandwich Islands and their territorial waters.

c) An acknowledgement or endorsement of the Argentine or UK positions on sovereignty or territorial and maritime jurisdiction over the Malvinas Islands, South Georgia Islands, and South Sandwich Islands and their territorial waters.

(2) No act or activity pursued by the Argentine Republic, the UK, or third parties as a consequence of and in enforcing the terms of the present joint declaration or any other similar future joint declarations and meetings shall be used as a foundation for asserting, upholding, or denying the Argentine or UK positions on sovereignty or territorial and maritime jurisdiction over the Malvinas Islands, South Georgia Islands, and South Sandwich Islands and their territorial waters. The areas under sovereignty or jurisdictional dispute shall not be extended in any way as a consequence of this Joint Declaration or its implementation. This Joint Declaration does not apply to the maritime areas surrounding the South Georgia Islands and the South Sandwich Islands.

2. The two governments have agreed to cooperate in encouraging offshore activities in the Southwest Atlantic, in keeping with the provisions contained in this Joint Declaration. Oil or gas industries shall pursue the offshore hydrocarbons exploration and exploitation, following solid trade criteria and appropriate practices, in keeping with current petroleum industry practices, taking into account the respective experiences of the two governments in the Southwest Atlantic and in the North Sea. The cooperation shall be promoted as follows:

(a) by establishing a Joint Commission, made up of delegations from the two sides;

(b) by carrying out coordinated activities in up to six (6) sections of about 3,500 sq km each; the sedimentary structures shall be included in the first sections, as established under the Annex.

3. The Joint Commission shall be made up a delegation from each one of the States and shall meet at least twice a year. Its recommendations shall be implemented unanimously.

4. The Joint Commission shall have the following duties:

(a) to submit recommendations to the two governments and propose standards for protecting the marine environment in the Southwest Atlantic, taking into account the applicable international conventions and the recommendations of the appropriate international organizations;

(b) to coordinate the activities in the sections mentioned under paragraph 2 (b) above, as special cooperation areas. This coordination shall be carried out by establishing a Subcommittee that shall meet periodically and shall have the following duties:

(I) to encourage trade activities in each section through joint ventures [two preceding words in English] and consortiums from the two sides;

(II) to call company bids for each section, which shall be offered bearing in mind the inhospitable environs in which the activities shall be developed;

(III) to make recommendations on the company bids, submitted to the two governments, on development projects for each section, including their limits;

(IV) to strive for close cooperation concerning all aspects of future operations, including duties, royalties, fees, and taxes, harmonization of scheduled activities, trade terms and conditions, and compliance with the recommended standards;

(V) to recommend, based on geological data available to the two sides, additional sections, within the sedimentary structures mentioned under the Annex or within an area to be subsequently agreed upon by the two governments, following a recommendation made by the Joint Commission.

(c) to promote the hydrocarbons exploration and exploitation in the Southwest Atlantic maritime areas under sovereignty and jurisdictional dispute, and to this effect:

i) to promote cooperation between the industries from the two sides, including the establishment of joint ventures [two preceding words in English] and the drawing up of joint projects for exploration, production, and operation of infrastructure;

ii) to receive from the two sides and the companies operating in these areas the information available on scientific research, activities developed, and trade operations concerning the sea bed, respecting the confidentiality of the commercial information;

iii) to propose coordinated research work to the two governments, through trade ventures;

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iv) to submit recommendations to the two governments on standards involving security, health, and monitoring offshore activities.

The two governments shall take the appropriate measures to guarantee that the companies keep the Joint Commission posted on the development of their activities.

(d) to propose to the two governments, based on the geological data available to the two sides and in due time, other areas for special cooperation, in terms similar to those contained under paragraph 4 (b) above;

(e) to review and submit recommendations to the two governments on any issue linked to this cooperation on offshore activities in the Southwest Atlantic that might crop up in the future, including the possibility of a required agreement on the unitization of any discovery, in keeping with the correct petroleum industry practices for operations involving the transportation of hydrocarbons by using pipes and the effective operation of the infrastructure.

5. The agreements on search and rescue, established in the Joint Declarations of 25 September 1991 and 12 July 1993, or any other future agreement on this issue achieved between the two sides, shall apply to the offshore activities. The civilian helicopter traffic shall be subjected to future discussions.

6. Each government shall take the appropriate administrative measures, in keeping with this Joint Declaration, for the hydrocarbons exploration and exploitation in the areas mentioned under paragraph 4 ut supra. The two sides have agreed that these measures, regulating company activities, shall be subjected to the sovereignty formula mentioned under paragraph 1 ut supra. The two sides shall establish the conditions for substantive participation of companies from the two sides in these activities. Each side shall supply to the other side significant information on exploration and exploitation activities in the areas. The two sides have agreed to refrain from taking action or imposing conditions aimed at restraining or thwarting the possibility of carrying out oil activities in the areas.

7. With the goal of implementing the various agreements of this Joint Declaration, which form an interdependent array, the two governments have agreed to cooperate in the various offshore activities carried out by the trade companies, including terms for the possibility of giving up the installations.

The area is limited by the lines described under column 2 that link the established points, using the minute closer to the arc, by the WG5 Datum latitude and longitude coordinates specified under column 1.

— ANNEX —

SPECIAL AREA

| Column 1 | Column 2 |
|---|---|
| Latitude and Longitude Coordinates | Type of line |
| 1. 52 00' S. 63 36' W. | 1-2 meridian |
| 2. 53 10' S. 63 36' W. | 2-3 latitude parallel |
| 3. 53 10' S. 62 48' W. | 3-4 meridian |
| 4. 53 25' S. 62 48' W. | 4-5 latitude parallel |
| 5. 53 25' S. 61 48' W. | 5-6 meridian |
| 6. 53 40' S. 61 48' W. | 6-7 latitude parallel |
| 7. 53 40' S. 61 00' W. | 7-8 meridian |
| 8. 53 00' S. 61 00' W. | 8-9 latitude parallel |
| 9. 53 00' S. 62 00' W. | 9-10 meridian |
| 10. 52 30' S. 62 00' W. | 10-11 latitude parallel |
| 11. 52 30' S. 62 36' W. | 11-12 meridian |
| 12. 52 00' S. 62 36' W. | 12-13 latitude parallel |
| 13. 52 00' S. 63 36' W. | |

### Opposition Challenges Oil Accord

*PY2809161095 Buenos Aires TELAM in Spanish 0018 GMT 28 Sep 95*

[FBIS Translated Excerpt] Buenos Aires, 27 Sep (TELAM) — The joint declaration on oil prospecting and exploitation that Argentina and the United Kingdom signed in New York today has given rise to reactions and comments by political leaders from different parties. [passage omitted]

Raul Alfonsin, the chairman of the UCR [Radical Civic Union] Executive Committee, was of the opinion that the signing of the joint declaration "introduces legal, political, and temporal uncertainty" into Argentina's sovereignty over the Malvinas Islands and the objective to regain control over them.

The former president contended that "in view of the licensing round unilaterally launched by the British authorities of the Malvinas Islands, the Menem administration was obliged to opt for this joint declaration, the most praiseworthy aspects of which are its ambiguity and the expected margins of tolerance for both parties' actions."

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Alfonsin deemed that the declaration in question is, for all practical purposes, an "international treaty," and as such, "the executive branch must submit it to Congress for ratification." [passage omitted]

The Frepaso [Front for a Country in Solidarity] released a document in which it argues that "the incumbent administration's obsessive concern about parading its achievements has led it to an irresponsible blaze of publicity and rhetoric to deliberately misinform public opinion."

[Frepaso] Deputy Carlos "Chacho" Alvarez said that "the federal government has kept the text of the declaration from public opinion and congressmen. It objects to congressional discussion of this joint declaration, thus violating the Constitution."

In broaching the issue of sovereignty over the islands in contention, the Frepaso document states that "by entering into partnership with the United Kingdom, Argentina is acknowledging the former's dominion over the Malvinas Islands' territorial waters and, therefore, over the islands' territory."

Alvarez demanded the interpellation of Foreign Minister Guido Di Tella, and stated that the final decision on the accord signed with Great Britain must be made by Congress.

Jose Octavio Bordon, Frepaso senator for Mendoza Province and that coalition's topmost national leader, issued a brief communique reporting that he had met with his leading aides "to analyze the text of the agreement."

Bordon said that he will proclaim his opinion about the accord in the forthcoming hours.

**Alfonsin: Oil Deal Puts Sovereignty Claim in Doubt**

*MS2909110495 London FINANCIAL TIMES in English 29 Sep 95 p 3*

[Report by David Pilling in Buenos Aires and Jimmy Burns in London: "Falklands Oil Accord Attacked"]

[FBIS Transcribed Text] The Anglo-Argentine oil agreement signed in New York on Wednesday throws "Argentina's legitimate and inalienable sovereignty" over the Falkland Islands into doubt, according to former president Mr Raul Alfonsin.

In a strongly worded statement, Mr Alfonsin, who heads the opposition Radical Party, said the oil agreement confirmed doubts about the commitment of the governing Peronist Party to defend the country's claim to the islands, known as las Malvinas in Argentina. Britain defeated Argentina in a brief war over the islands in 1982.

Opposition parties have demanded that the agreement be dealt with as an international treaty and therefore be subject to a full congressional hearing. The government has argued that this is not necessary, since ratification of the deal only requires modification of an existing hydrocarbons code. This would mean lowering minimum royalties levied on oil companies operating on Argentine soil from 8 to 3 per cent.

Last night Mr Andrew Gurr, Chief executive of the Falkland Islands Government, said the UK did not recognise Argentina's right to tax oil companies operating around the islands. However, he said there was nothing that his government could do to stop Argentina from imposing a 3 per cent levy on companies that had operations based on the Argentina mainland.

It is unclear whether the levy will be charged on all companies operating in Falklands waters, but the main base of support for exploration for most is expected to be on the mainland.

"I think the New York agreement has created a smokescreen, which diplomats love. They recognise any explicit agreement on tax impinges on sovereignty," Mr Gurr said. Several oil companies said they were seeking clarification of the deal.

The deal clearly marked a "step backwards," according to deputies from Argentina's opposition Frepaso alliance rejecting claims by President Carlos Menem that it was "the first real and legal step in Argentina's permanent struggle to regain sovereignty of the islands."

Mr Chacho Alvarez, a Frepaso deputy, said by conceding Britain's right to collect royalties from the around the islands, Argentina was lending credibility to London's sovereignty claim. He said the Argentine Government had manipulated the press to present the accord as a success.

**Vice Foreign Minister on Falklands' Sovereignty**

*PY2809141495 Buenos Aires TELAM in Spanish 1047 GMT 28 Sep 95*

[FBIS Translated Text] Buenos Aires, 28 Sep (TELAM) — Vice Foreign Minister Fernando Petrella stressed today that "the matter of sovereignty is perfectly safeguarded and it has even been strengthened" in the agreement on oil cooperation in the area of the Malvinas Islands that has been signed between Argentina and Great Britain.

In remarks to Radio America, Petrella maintained that the joint declaration signed on 27 September represents "fruitful progress, and it links us to a permanent and dynamic negotiating position that can be very useful to

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reconstruct the atmosphere of confidence that was lost with the Falkland Islands war."

**Preparatory Mercosur-EU Meeting Concludes**

*PY2909023495 Buenos Aires TELAM in Spanish 0009 GMT 28 Sep 95*

[FBIS Translated Text] Buenos Aires, 27 Sep — A preparatory meeting for the conference to be held by members of Mercosur [Common Market of the South] and the EU in Montevideo on 28 September — which will seek the establishment of a common free trade zone between the two blocs — concluded in Buenos Aires today with the signing of a Final Declaration.

Juan Prat, the chief of the European delegation, said that "the dialogue between the parties was carried out in an atmosphere of extraordinary understanding, as Argentina speaks the same language of democracy, economic opening, and social security."

Prat is director general of North-South Relations of the European bloc.

Aid programs totalling $13 million for children in southern and western Buenos Aires Province and $14 million for Indians in Formosa Province were approved at the meeting, which began on 26 September.

The Argentine delegation was headed by Vice Foreign Minister Fernando Petrella.

Agriculture, Livestock, and Fisheries Under Secretary Felipe Sola; Hilda Duhalde, the wife of the governor of Buenos Aires Province; and Diego Guelar, Argentine ambassador to the EU — among other officials — participated in the meeting.

Prat gave a news conference at 1800 today at San Martin Palace at the end of the third meeting of the Mixed Argentine-EU Bilateral Commission, in which he participated as head of the European bloc.

Meanwhile, 50 European officials will arrive today in Montevideo to participate in this round of negotiations. The delegation will be headed by Spain's Juan Prat, director general of the North-South Relations of the EU.

The European delegation includes representatives from each of the 15 member countries and the ambassadors of those nations to Uruguay and Argentina.

It was reported today that the delegations of the Mercosur countries will be headed by Jorge Hugo Herrera Vegas (Argentina), Jose Botafogo Goncalvez [surname as received] (Brazil), Felix Lopez Acosta (Paraguay), and Guillermo Valles (Uruguay).

The conference will conclude on 29 September with the final drafting of the so-called "Framework Agreement of Trade and Economic Cooperation" that will go into effect on 1 January 1996.

This agreement will presumably be approved by the European Council, which is made up of the chiefs of state and government of the 15 member countries of the EU, at a meeting in Madrid on 15 December.

The presidents of the four Mercosur member countries are also scheduled to be in the Spanish capital on that date.

Diplomatic sources have confirmed to TELAM that the text of the agreement will be drafted in Montevideo, and they explained that it will be the first document of this type that the EU will sign since its creation.

However, the sources acknowledged that there are still some "differences," which basically refers to the emphasis that Mercosur places on the trade liberalization of agricultural products and to the emphasis that the EU places on intellectual rights and on the liberalization of the exchange of services.

Moreover, the sources believe that these differences will be overcome during the Montevideo conference in view of the fact that the agreement will be based on, and governed by, the GATT's rules and regulations.

The document that will be analyzed as of 28 September "has some 30 articles that include trade, economic, cooperation in integration, and other areas of common interest," a diplomatic source reported.

As with all agreements that are signed by the EU, the first article will include "the respect for democratic principles and for human rights."

The source explained that the document "intends to strengthen existing relations between Mercosur and the EU with the aim of creating the conditions for the future establishment of an interregional association which will include the negotiated progressive liberalization of trade."

Agreements on "technical norms regarding agroindustrial products, the environment, the fight against drug trafficking, telecommunications and information, and on cooperation among businessmen" will also be drafted.

It has been established that once the interregional agreement has been approved and signed, it will be "implemented" by a "mixed commission" which will include representatives from the EU and Mercosur countries.

The function of this commission will be to "identify the areas in which cooperation projects can be carried out."

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**Consultant Assesses State of Economy**

*PY2909004595 Buenos Aires CLARIN in Spanish 25 Sep 95 p 40, 27*

["Highlights" of interview with Economist Manuel Solanet, consultant for the Latin American Economic Research Foundation, by unidentified reporter; place and date not given]

[FBIS Translated Text] [AMBITO FINANCIERO] Is the economic picture deteriorating?

[Solanet] The picture is not as promising as it was three months ago when we did not have any political infighting. The flow of capital has weakened since then. This situation is reflected in apathy in the markets despite improved international conditions. Deposits in pesos dropped a little, but the drop was compensated by an increase in dollar deposits. The drop in our reserves confirms an increasing dollarization, which means that trust is dropping.

[AMBITO FINANCIERO] To what extent does the increase in the unemployment rate since May complicate the situation?

[Solanet] Unemployment continues to be the single most critical issue, without a doubt. The situation's improvement depends on the level of activities. Activities, in turn, will be strongly influenced by our capacity to make labor laws more flexible and by our disposition to genuinely reduce taxes on the cost of labor.

[AMBITO FINANCIERO] The Latin American Economic Research Foundation [FIEL] presented a survey over the weekend showing a drop in the level of activities. Isn't that contrary to what you think the solution is?

[Solanet] The index on the country's activities grew until May, but it dropped in August. Internal demand has weakened, possibly because trust in our economy has dropped. The private sector is making fewer decisions on investments. That is a fact. The consequences will be noticeable in September tax collections, which I presume will drop a few points.

[AMBITO FINANCIERO] Is there anything positive?

[Solanet] Our exports are increasing at a significant rate and prices have remained stable. The convertibility model was very efficient when we needed to adjust our trade relations. We went from trade deficit to trade surplus in a very short time, a process that we have seen very few times before in our economy. We must recognize that the change in relative prices was not due solely to the convertibility model. The increase in productivity also had a great role in reducing our deficit. Many companies operated really well after they adjusted to our local economic reality. We must also admit that Brazil helped boost our exports a lot. The best part about the increase in exports is that it dissipates the devaluation expectation held by those who do not believe in total dollarization.

[AMBITO FINANCIERO] Do you think there is a risk that we might not be able to meet our fiscal goals?

[Solanet] It will be difficult to fulfill our commitments with the IMF if the trend observed during September does not change. But the government could find financing through the voluntary sale of bonds at reasonable rates. The fiscal situation is not endangering the model for the time being, but it has an effect on trust, which is the motor of the economy.

[AMBITO FINANCIERO] You mentioned that companies are not deciding to invest. What do they ask you, specifically?

[Solanet] They want information about the evolution of conditions that affect the country risk factor. We did not have these types of questions a few months ago. The answer to this question is today linked more to a political than to an economic situation.

[AMBITO FINANCIERO] Here we will repeat a tedious question. What will happen with Domingo Cavallo?

[Solanet] Entrepreneurs think that Cavallo is essential for the continuation of the model. There was an attempt to make the economic model impersonal, but it failed. The problem is the economy minister's interpersonal relations, and companies perceive this. When I answer questions on this subject I usually find myself talking about psychology.

[AMBITO FINANCIERO] What can you tell us about the conflict at the National Bank?

[Solanet] If the question refers to the informatics contract affair, I will pass. The court will answer that question. I think it is the ideal moment to privatize it.

[AMBITO FINANCIERO] It is difficult to think about buyers in the midst of a scandal.

[Solanet] There are probably a thousand scandals like this one at the bank. The only way to have a successful process is to privatize the bank using a mechanism similar to the one used to privatize YPF [Government Oil Deposits], that is, through the sale of shares in a public bidding. However, the government will have to reorganize the bank first in order to give it more value.

[AMBITO FINANCIERO] What do you think of the financial measures announced at the end of August?

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[Solanet] Those measures will have a positive effect. They will encourage deposits and will reduce the costs of bank intermediation. The Central Bank should make clear that bank liquidity notes are included under monetary debts, just as with dollar withholdings, and that they are computed together with the monetary base to make sure financial organizations have the necessary reserves according to the convertibility rules. The financial system has been reorganized and now it is in a much better shape than we imagined when the tequila effect first appeared. But banks are still recovering. They not only need to recover their deposits, but the amounts they handle must be in relation to the GDP similar to the index of comparable countries. This means twice as much as they handle today.

[AMBITO FINANCIERO] You and [former Economy Minister] Roberto Alemann have been mentioned as possible economy ministers. Do you know anything about this?

[Solanet] I have not been asked or heard any insinuation to that effect. I personally do not think about it. I think Cavallo and his team must continue in their positions and the political infighting must end. The country needs reassurances to continue introducing reforms, particularly reforming the state.

[AMBITO FINANCIERO] The issue of state reform seems to be a common subject nowadays...

[Solanet] I think there is still a lot of room for further reductions in the bureaucratic apparatus and in public spending. At FIEL we worked on a model based on maximum reductions in the national administration. The results in the area of spending reduction are surprising. The reduction of public spending is an important reassurance for the convertibility plan and for competing abroad. It will be the factor that will permit us to leave the one- to-one parity some day, but in order to revalue the peso, not to devalue it.

### Minister Said To Have Known About Arms Sales

*PY2809233295 Buenos Aires LA NACION in Spanish 27 Sep 95 p 1*

[Report by Eduardo Barcelona]

[FBIS Translated Text] A reliable Defense Ministry source has reported that Air Force Commander Brigadier Jose Paulik conveyed to the defense minister rumors of third-party arms sales to Ecuador.

Argentine Defense Minister Oscar Camilion heard from Brig. Jose Paulik the rumor that arms supposedly going to Venezuela were actually intended for Guayaquil, Ecuador. Paulik told Camilion about this rumor at the time when the cease-fire in the war between Peru and Ecuador was hanging from a thread, according to a source close to the minister.

Minister Camilion left for New York on 26 September without making any statement. He will discuss international policy issues with UN Secretary General Boutros Boutros-Ghali.

The source, who frequently knows the minister's innermost thoughts, emphasized that what Camilion got from Paulik was a rumor, because that is what it was: an unconfirmed warning that Argentina was selling arms to Ecuador while the two countries at war in the Condor Mountain Range were still subject to an arms embargo. The conflict broke out on 26 January and the cease-fire was agreed upon on 17 February 1995.

The source said Paulik called Camilion on the phone in the afternoon on 18 February and told him of a report he got from Air Regions Commander Brigadier Horacio Genolet. Brig. Genolet's report quoted Air Regions personnel stationed at the Ezeiza International Airport who had noticed that the flight plan of a plane carrying arms listed Guayaquil as a stopover.

Camilion heard about "this concern" between the second and third flights of Fine Air Co. which carried 18,000 FAL [Light Automatic Rifle] rifles, and several tons of ammunition. This materiel was flown out on 17, 18, and 22 February. There was another Fine Air flight on 23 February, but the plane left empty.

Federal Judge Jorge Urso is trying to establish which officials are responsible for this murky military operation.

## Brazil

### Reportage on Movement of Struggle for Land

#### MLT Advocates Socialism

*PY2809214995 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Sep 95 Section 1 p 12*

[FBIS Translated Text] The slogan of the MLT [Movement of Struggle for Land], which is a group of Bahia rural workers, is "Socialism Will Spring Up From the Land." The MLT is a small organization that does not accept MST [Landless People's Movement] guidance.

Although its members — who are linked with the PC do B [Communist Party of Brazil] — have operated as an organized group for about 10 years, the MLT only emerged in 1994. This information was reported by Marcondes Nunes Machado, one of seven MLT leaders.

In just one year, the 60 MLT members have coordinated six actions, leading 1,500 families (some 6,000 farmers)

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in southern Bahia (Eunapolis, Itabuna, and Ilheus) and in Chapada Diamantina (Morro do Chapeu).

"We have better theoretical training, we want socialism, we are Marxist-Leninists," said squatter Machado, 23.

The new group advocates armed struggle to face gunmen. Machado said: "It is a matter of security, of defending the land." Even though the MLT claims to be a nationwide organization ("we are making contacts in Rondonia, Pernambuco, and Para"), Machado does not want to engage in a controversy with the MST.

### MST Structure Described

*PY2809230495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Sep 95 Pp 1, 12*

[FBIS Translated Text] What is the MST [Landless People's Movement]?

The MST Structure

National Coordinating Board
This is a board without a president. It has 65 members from 21 states and from the Federal District. It designs the general guidelines for the movement. It has decisionmaking power.
National Directorate
This is a 15-member board without a president. It implements National Coordinating Board decisions.
State Coordinating Boards
They are 22 coordinating boards with up to 30 members who define targets and decide on land occupation.
State Directorates
They are organs of 7 to 16 members. They play at a state level the role that the National Directorate plays at a national level.
Regional Boards
They are 10-member managerial and operational organs. Each state defines the number of regional boards. There are five regional boards in Sao Paulo.
Monitoring Coordinating Boards
They are organs of up to seven members, which organize land occupation. They are divided into sectors: education, food supply, health, security, production, and conflict negotiations.
Who is Landless, According to the MST?
- Rural workers who want more than fringe benefits, who want land.
- Partners, harvest workers, and land tenants (people who live from farming on somebody else's land and who pay the landowner for the use of the land with part of their production)
- Itinerant workers (who are contracted to do a specific job)
- Landowners owing farms no larger than 5 hectares (seven soccer fields)
- Children of landowners whose families own up to 30 hectares (who are unable to share their property with their children)

Source: Pastoral Land Commission (CPT) and MST

### 'Radical' Movement Formed in Minas Gerais

*PY2809205495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Sep 95 Section 1, p 2*

[FBIS Translated Text] The land reform issue is directly involved with the MST [Landless People's Movement] at the Minas Gerais triangle [area including southern Minas Gerais and part of Rio de Janeiro and Sao Paulo states]. In July 1995, a group of farmers gathered at Campo Florido camp (Minas Gerais) to found the Democratic Landless People's Movement (MDST).

This group, which is more radical, has been attacked by other organizations, has lost support, and is now thinking of changing its name to MLT (Movement of Struggle for the Triangle Land).

"Self-defense" in one of the 15 objectives of the MDST platform. Joao Batista da Fonseca, adviser to the farmers' leaders of the movement, has rebutted: "That document has already been destroyed." Yet he revealed the movement's ideas: "Land reform will not be fully implemented within the capitalist system."

He added that the farmers' meeting, which was attended by leaders from Minas Gerais, Goias, and Pernambuco, served as "an exchange of experiences." The objective was to form a national group. The attempt, however, did not succeed.

The MDST is organized in three settlements and four camps in Iturama, Santa Vitoria, Campo Florido, Araxa, and Gurinhata. The movement has approximately 780 families (3,200 people), of which 500 families are living in camps.

### Cardoso Appoints Land Office Head

*PY2809165295 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Sep 95*

[FBIS Translated Text] President Fernando Henrique Cardoso has appointed Francisco Grazziano as new president of the National Land Reform and Settlement Institute (INCRA).

Grazziano, 42, is an agronomist who has specialized in agrarian reform. He is currently working as private secretary to President Cardoso.

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Presidential spokesman Sergio Amaral has denied reports that, in changing the INCRA president, Planalto Palace had yielded to pressure by the National Confederation of Farmworkers [Contag] or by members of the Landless People's Movement.

Amaral said Cardoso had appointed former deputy Euclides Scalco as president of the Itaipu binational agency. Amaral said that Scalco, for his part, had asked INCRA President Brasilio de Araujo Neto to serve as Itaipu direcitor general. As Araujo accepted Scalco's offer, the president had a free hand to appoint his private secretary, a trusted aide, as INCRA president.

Through Grazziano's appointment as INCRA president, President Cardoso will be able to closely monitor and accelerate the agrarian reform process.

### Cardoso Cal'. for Truce in Disputes

*PY2909012695 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 28 Sep 95*

[FBIS Translated Text] President Fernando Henrique Cardoso today installed Francisco Graziano as INCRA [National Land Reform and Settlement Institute] president. Graziano replaces Brasilio Araujo, who will be designated to the board of directors of the Itaipu Hydroelectric Power Plant.

During the ceremony, President Cardoso said the government is willing to engage in a dialogue with all the sectors that are interested in land reform.

[Begin Cardoso recording] Dialogue obviously calls for respect for the law and respect for the position of the other side; accepting diversity and accepting that both sides have differences. There can be no dialogue without those preconditions. On the basis of those conditions, we are absolutely willing to talk with all sectors who are interested in the democratization of land. [end recording]

The president also proposed a truce, emphasizing that the government is working to resolve rural sector problems.

[Begin Cardoso recording] A truce does not mean people should stop posing their demands, that they should no longer make their claims, or that they should not express their opinion. A truce means that people admit that the other side in the dialogue is not acting in bad faith, that the interlocutor is also making an effort. He might even be wrong. This is a matter of reciprocal opinion. Yet preventive attitudes cannot be a starting point. That is my appeal. I make a call for, so to speak, a spirit of harmony, pacifying spirits, so that we can more strongly strive for the common objectives. [end recording]

### Finance Minister Malan Discusses Unemployment

*PY2809205895 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Sep 95 Section 2 p 5*

["Highlights" of interview with Finance Minister Pedro Malan; place and date not given]

[FBIS Translated Text] [FOLHA DE SAO PAULO] Are the recent unemployment figures reason for concern?

[Pedro Malan] It is obvious that any statistics about increased unemployment will worry any country in the world, and Brazil is no exception to this rule.

[FOLHA] Are these social costs resulting from the efforts to control the inflation excessive?

[Malan] It is hard to accept that the administration's concern over inflation is exaggerated. To ensure a sustained economic growth with less social injustice, it is indispensable to force the inflation down and to keep it at a low level. I am certain that most Brazilians think we must achieve the goal of low inflation.

[FOLHA] Is this unemployment wave, therefore, temporary?

[Malan] Yes. The problem is that currently a situation that was unbearable is being readjusted. The growth rate during the first three months of the year — with the GDP growing more than 10 percent, the industry growing nearly 15 percent, and sales 28 percent — was not compatible with the stabilization program because it could not be sustained for a long time.

[FOLHA] So, there is no way of escaping this social cost?

[Malan] I have been saying that the government's task is to reduce this social cost to a minimum, as well as to make this transition phase as short as possible. It would be naive, however, to imagine that it would be possible to cut, through simple magic, the 5,000 percent per year inflation rate of the 12 months that preceded the implementation of the real, to the current level. There is still a lot to be done and there is no reason for enthusiastic celebrations yet.

[FOLHA] For how long will unemployment continue to grow?

[Malan] It will be temporary. I believe that from the seasonal point of view, the level of sales will increase at the end of the year. Some of this increase in unemployment can be attributed to industries have been functioning with three shifts per day, and this is not normal. I would like to point out, however, that there is an international tendency to robotize, automatize, and improve the technological level of the enterprises in

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order to allow them to compete internationally. This, however, does not represent a permanent loss of jobs. Different possibilities and new positions appear in other areas of the economic activities.

[FOLHA] What measures can the government adopt to solve the unemployment problem?

[Malan] Several investments are being announced and they show that the enterprises are betting on the future of Brazil. These investments represent new jobs. The government's function is to establish a national macroeconomic situation with a low, and increasingly lower, inflation rate so as to stimulate private investment and concentrate official investments in social areas. The administration's objective is not to have a low inflation rate just for the sake of it.

[FOLHA] You have already said the paraphernalia to restrict consumption will be dismantled. Will it be entirely dismantled or is the economic team satisfied over the measures adopted so far?

[Malan] I will use a word here that many do not like. We are engaged in implementing a flexibilization process, which is gradual, but will undoubtedly continue being implemented. I understand that some people would like the process to be swifter. People admit the interest rates have gone down, that we have definitively suspended payment of compulsory deposits that were being kept in the Central Bank, and that we have reduced restrictions to credit.

[FOLHA] How swift do you thing the process should be?

[Malan] I think that the correct speed for the process is the one that takes into consideration the way the situation evolves. Our goal is to preserve the stabilization plan. It is not true that all areas of Brazilian economy are in recession.

The last thing we want to do is to repeat the trajectory of the Cruzado Plan. We do not want to see one more stabilization experience fail just because the government was unable to keep the macroeconomic situation under control, and this is the risk we were running in March.

### Vows To Act on Debts, Jobs, Consumption

*PY2809183095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Sep 95*

[FBIS Translated Text] Finance Minister Pedro Malan has stated that the debt in bonds by states like Sao Paulo, Rio de Janeiro, Rio Grande do Sul, and Minas Gerais will be restructured. Malan announced that the federal administration will help the states resolve their financial problems, on a case by case basis. He noted, however, that it will be difficult to balance the finances of the states without first resolving the problem of the large amounts they spend on salaries of public servants. He said this can be achieved only through the administrative reform.

Union leaders and enterpreneurs of Sao Paulo State asked of Malan that measures be adopted to boost employment and consumption. Malan assured the union leaders that the workers' situation will improve:

[Begin Malan recording] A step to reduce interest rates was already taken today. As we speak, a step is already being taken. This is a significant step that will have an impact on the financial system. We agreed to continue to discuss what can be done regarding buyers' clubs, the reduction of credit restrictions, and the easing of mandatory deposits at the Central Bank. We will do all this as cautiously as usual because, above all, we must preserve the real, which is not just our gain, but one that belongs to most Brazilians. [end recording]

Despite leaving the meeting satisfied, the union leaders voiced concern about the high unemployment that is affecting some sectors. They support the Real Plan and the economic stabilization program. Yet, they made it clear that the situation must change to protect the workers.

### Bank Official Announces Measures To Ease Credit

*PY2809184895 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Sep 95*

[FBIS Translated Text] On 27 September, the Central Bank [BC] further reduced mandatory reserve deposits by banks from 8 to 5 percent on credit operations. This measure will be instrumental in reducing banking financial costs and, consequently, in reducing interest rates and in making more funds available for personal loans.

BC President Gustavo Loyola has said that the above measure is in keeping with the administration's policy of gradually easing restrictions on credit. He said that the latest statistical data shows there has been a slowdown in economic activities:

[Begin Loyola recording] We have already detected some signs that the level of economic activity in August and early September was much better than that of July. This shows that our policy has yielded good results. [end recording]

In keeping with the administartion's policy, the BC has also paved the way for reducing interest rates from 4.25 percent in September to 3.13 percent in October.

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**Further on Senate Committee Approval Patent Bill**

*PY2809181795 Sao Paulo AGENCIA ESTADO in Portuguese 2132 GMT 27 Sep 95*

[By Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 27 Sep (AE) — The Senate Economic Affairs Committee today approved two modifications to Senator Fernando Bezerra's (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] patent law proposal. An agreement between the government and the opposition made it possible to change the text on the patenting of living beings. At the rapporteur's initiative, supplemental amendments were introduced to explain the cases in which there will be retroactive recognition of patents (pipeline) [preceding word in English]. The bill will now be voted on in a plenary session and will then be submitted to the Chamber of Deputies.

The majority of the 27 committee members backed Bezerra's proposal, which was also supported by the government. Despite this, government leaders tried, on 26 September, to arrange an agreement to prevent surprises during the voting. The government supported an amendment by Senator Ney Suassuna (PMDB-PB) [Paraiba] — the patent bill rapporteur in the Senate Constitution and Justice Committee — restricting the patenting of microorganisms. In exchange, the government wanted the opposition's support for the pipeline. No agreement was reached on this topic and, to avoid conflicts, Bezerra included supplemental amendments clarifying some controversial topics of the retroactive recognition of patents.

Based on a consensus, the committee decided that no patents can be issued "on an entire living being or on parts of it, including microorganisms, if they are not linked to a specific industrial project." Bezerra's proposal did not permit the patenting of living beings, but opened this possibility for microorganisms. With majority support, the committee also backed an amendment by Senator Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo], which defined microorganisms: "For the purpose of this law, transgenic microorganisms are organisms — except for entire plants and animals or parts thereof — which, through direct human intervention in their genetic composition, have developed a feature that the species does not normally have under natural conditions."

Despite this retreat on the part of the government, the opposition made no concession on the retroactive recognition of patents. "That is nonnegotiable," said Suassuna, who, together with Senator Eduardo Suplicy and Jose Eduardo Dutra (PT-SE) [Sergipe], opposed Bezerra's proposal. Suassuna and the other senators argued that the rapporteur's proposal provided a chance for the sectors that are not protected by the current patent legislation (chemicals, pharmaceutical products, and some food products) to take legal action to demand retroactive patent rights under the new law.

In light of the controversy created by this interpretation, Senator Fernando Bezerra rewrote Article 228 (dealing with the pipeline), and modified Article 229, introducing two new paragraphs in it. The approved bill sets forth that retroactive patent recognition will be valid only if the patented product has not yet been sold on any market. That is, retroactive patents will guarantee the rights of an enterprise or person who obtained a patent abroad but has not yet put the product on the market. "Since a product takes at least seven years to be put on the market after being patented, it will be protected," Bezerra said.

The representatives of pharmaceutical laboratories, which advocate this measure, claim that since the object of the patent becomes public after the patent is granted, the product can be copied if it is not protected by the pipeline, thus harming the enterprises that invest in research. In this case, the protection will be valid during the period of patent validity in the country of origin. If the patent was granted in the country of origin (the first country in which the product was registered) in 1982, it will be protected in Brazil for only seven more years (if the Brazilian law is approved in 1995). Most countries grant patents for a period of 20 years, following a decision by the WTO.

In this case, retroactive patent recognition will apply only to products that have no protection in Brazil (substances, materials or products obtained through chemical methods or processes, and food substances, foodstuffs, food mixtures, or food products, pharmaceutical products, and medicines of all kind, as well as the respective processes for preparation or modification).

The approved text sets forth that no retroactive or future demand will be accepted, for any amount or under any claim, for products that are manufactured in Brazil or for processes that are used in Brazil. The text sets forth that no demand will be accepted if, during the period before enforcement of the law, significant investment was made for exploitation of the product or the process, even if they are protected by patents in other countries.

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**Workers Party Splits, Leader Announces 'New Course'**

*PY2809222495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Sep 95 Section 1 p 9*

[By Lucio Vaz in Brasilia]

[FBIS Translated Text] An internal split has occurred within the Workers Party [PT] due to impositions by the Articulation faction (the PT majority group) at the end of the first meeting of the new national executive board. The leftist faction withdrew, annoyed over the rejection of the names it proposed for the executive board.

Thus, seven of the 21 positions in the executive board were left vacant. PT President Jose Dirceu (Articulation) said he will seek conciliation in the next few weeks, but admitted that the attitude of the leftist faction "is extremely serious."

The schism shows that the new board is determined to seek its goal of opening up the party. Following "bulldozer" tactics, it imposed the appointment to the board of leftist members who would relate to the new PT policy.

Dirceu said the board will set a new course for the PT. He said: "The party will overcome 'factionalism,' internal disputes, and will reach out to society. It will implement a policy of alliances and cater for non-activist PT voters."

Deputy Jose Genoino (SP) [Sao Paulo] said: "The internal war is over. Our political actions will now be focused on society." He described the division as natural. He said: "Because it had always taken a condescending attitude, our party is suffering now."

The leftist group (Time for Truth, HV; Socialist Democracy, DS; Socialist Force, Socialist Forum, and Labor) nominated Joaoquim Soriano (DS) for secretary general. The Articulation faction did not accept because it wanted a national figure to hold the position.

The leftist group then nominated Deputy Arlindo Chinaglia (HV) for the same position. His name was mentioned by former PT President Luiz Inacio Lula da Silva, but it was also turned down. Thus, the leftist groups decided to withdraw from the executive board.

The Articulation faction and its allies (Radical Democracy, independent members, and HV dissidents) elected Candido Vacarezza as secretary general. The treasury position was left vacant.

Chinaglia said the impositions by the Articulation faction "have gone against the logic of PT trends. It has shaken up the party. I cannot understand the notion of internal democracy and party unity entertained by the majority group."

Chinaglia said the Articulation faction leaders "lacked finesse" when they started to pass judgment on the nominated candidates. He said: "It is not a sign of refinement to start passing judgement on people."

Here are the executive board positions that were filled: First vice president, Luis Soares Dulci (Articulation); second vice president, Jose Genoino (Radical Democracy); secretary general, Candido Vacarezza (an HV dissident); institutional affairs, Telma Souza (Articulation); international relations, Marco Aurelio Garcia (Articulation); union affairs, Delubio Soares (Union Articulation); agrarian affairs, Geraldo Pastana (Articulation); full members, Aloizio Mercadante (Articulation), Luiza Erundina (Radical Democracy), and Clara Ant (Articulation); leader of the PT bloc in the Chamber of Deputies, Jacques Wagner (independent); and leader of the PT bloc in the Senate, Eduardo Suplicy (independent).

Seven executive board positions were left vacant. Those nominated by the PT leadership for these positions were: third vice president, Arlindo Chinaglia (HV); organization, Sonia Hipolito (HV), treasurer, Joaquim Soriano (DS); popular movements, Iri Lopes (HV); political training, Jorge Almeida (Socialist Force); and full members, Neide Aparecida (Socialist Forum) and Markus Sokol (Labor).

**Chamber of Deputies Approves New Electoral Bill**

*PY2809210895 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 28 Sep 95*

[FBIS Translated Text] Women have a guaranteed participation in the 1996 election. The Chamber of Deputes last night voted on the final version of the electoral law, which had been approved earlier by the Senate. It is now up to President Fernando Henrique Cardoso to sign the bill into law.

The new electoral bill provides that women must now account for 20 percent of the candidates nominated by each party. In exchange, each party may increase by 20 percent its number of candidates.

The period for electoral campaigning over radio and TV will last 60 days, not 30 days as the Senate wanted.

Electoral polls continue to be allowed, but without making simulations or projections.

The Chamber of Deputies also eliminated a provision allowing candidates to participate in project dedication ceremonies. It allows, however, for entertainers to appear on free tv time for electoral campaigning.

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Presidents of political parties who do not hold any public office will also be able to participate in electoral campaigning programs. The bill bans paid electoral advertisements.

To allow illiterate voters to cast their votes, ballots will bear the pictures of candidates. To cast his vote, a voter will have to present an identification document bearing a picture, in addition to his voter's card.

**Human Rights Council Condemns Corumbiaria Massacre**

*PY2809165095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 28 Sep 95*

[FBIS Translated Text] The Human Rights Defense Council [CDDPH], which is subordinated to the Justice Ministry, has condemned a police action in Rondonia that had left a toll of 11 people dead.

During a meeting held at the Justice Ministry, the CDDPH analyzed a Federal Police report on the Corumbiara incident.

Jose Gregori, executive secretary of the Justice Ministry, said the police operation was conducted inadequately:

[Begin Gregori recording] The police report conclusions are similar to what has transpired from earlier reports; that is, the military operation to comply with the court order was highly inadequate because it was conducted at dawn by military personnel who were in fact prepared to engage in an antiguerrilla operation. Unfortunately, no effort was made to hold a dialogue in broad daylight prior to complying with the eviction order.

Besides, most of the civilian victims — not all of them — were shot in the back. All this indicates that excessive force was used in complying with a court order. [end recording]

The CDDPH is going to create a committee that will go to Corumbiara, Rondonia, to evaluate how the civil and military police are conducting their investigative work involving the massacre of landless settlers that occurred on 9 August, when nine settlers and two policemen were killed.

**Correction to Tender for Data-Collecting Satellite Viewed**

*PY2509192495*

The following correction pertains to the item headlined "Article on Tender for 2d Data-Collecting Satellite Launch," published in the 25 September Latin America DAILY REPORT, page 43:

Column two, fourth paragraph, last sentence, make read: ...industries participated in 73 percent of the second satellite's construction. [new graf] The...(deleting word "only" and replacing "first" with "second")

**Correction to Editorial Analyzes Privatization**

*PY2709163895*

The following correction pertains to the item headlined "Editorial Analyzes True Nature of Privatization," published in the 26 September Latin America DAILY REPORT, pages 37-38:

Column two, first paragraph, sentences one and two, make read: ...say as clearly: In the case of public services (telecommunications, petroleum, electricity, etc.) the word privatization should be rendered between quotation marks. The idea is...(rewording for clarity)

## Chile

**Insulza Views Reconciliation, NAFTA**

*PY2809232195 Santiago EL MERCURIO in Spanish 24 Sep 95 p D1*

[Interview with Foreign Minister Jose Miguel Insulza by Raquel Correa at the Foreign Ministry in Santiago; date not given]

[FBIS Translated Excerpt] [passage omitted] [Correa] You are a member of the political team. Are you entitled to vote?

[Insulza] The members of the political team do not vote (that is his spontaneous answer).

[Correa] Do you have a voice within the "Iron circle."?

[Insulza] I have as much voice as any other cabinet member. All of us do a lot of listening.

[Correa] Don't you think there should be an "influential" Socialist Party [PS] member in the La Moneda government palace?

[Insulza] No. I believe the PS has very good communication with La Moneda. Furthermore, this has been acknowledged by both the PS president and the interior minister.

[Correa] Lately, there have been those who say that the PS wants one of their own at La Moneda because being a cabinet member who is constantly travelling is something different...

[Insulza] Absolutely, but in all modesty I must say that in today's modern world, the post of foreign minister is one of the most important cabinet posts. I would say that it would be a bit shortsighted, to say the least, for a political party to be willing to give up a Foreign Ministry post in exchange for having one of its

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men appointed to a government palace post... [passage omitted]

[Correa] Mr. Foreign Minister, which issue do you think is evolving more expeditiously, NAFTA membership or the national reconciliation process?

[Insulza] (He laughs). I believe that we must take a step toward reconciliation. There is a large national consensus for the need to implement solid bases to achieve this goal. This does not mean that we will be constantly looking to the past. No one has much to gain by looking to the past.

[Correa] And the Socialists?

[Insulza] The Socialists less than anyone else.

[Correa] And the military?

[Insulza] Each one looks to the past, respects it, and values it. But neither we, the military, nor any one else can resolve current issues on the basis of past events. In the case of Chilean Socialism it is good to revere the image and uphold respect for those who founded the party, but if Chilean Socialism wants to survive until the 21st Century it must have new ideas. It cannot base its future on the ideas of its founders. The world has evolved too much to uphold traditional guidelines.

[Correa] In view of events at O'Higgins Park on 19 September, [military parade at which President Frei was booed] what is your conclusion on reconciliation?

[Insulza] I believe that throughout my lifetime I have seen groups similar to the ones that were present at the military parade thousands of times. Generally, these are groups that have not changed with the times and continue to uphold old banners.

[Correa] They were guests...

[Insulza] ...They were probably relatives of the military. Old i[illegible] were imparted to them for 20 or 25 years. The idea about good and evil.

(After a lot of beating around the bush, he says:)

I personally believe that it was a relatively small organized group... These are pro-Pinochet people who one expects to find at military parades. I must admit, however, that I did expect the people at the presidential stand to keep a respectful silence. I do not think it is wrong for people to cheer but I do not agree in promoting divisions.

[Correa] What is the impact of such an event on Chile's image abroad?

[Insulza] It is a fact that the international press tends to grant greater coverage to negative images than to positive ones.

[Correa] Does this mean that certain sectors in the Armed Forces and the reaction of their supporters are harming the country?

[Insulza] I do not think this is a permanent situation. There is an image abroad that Chile is experiencing a negotiated transition process in which the military still plays a dominant role. I do not think it will take anyone by surprise to see that these military forces are still active. It may cast some doubts, however, about how much power these forces may enjoy in the future, and who will be more powerful, etc.

[Correa] Do you share these same doubts?

[Insulza] No, I am an optimist and this implies doing things differently.

[Correa] In view of this, do you believe it was appropriate to submit to Congress different laws on the same day and at the same time...?

[Insulza] I think so. The pending political problem was duly explained but how long and in what manner it will be solved is still a pending issue. Nevertheless, at least we are not pretending that these issues do not exist.

[Correa] The right believes that these draft bills have created more problems rather than solving them...

[Insulza] I disagree. The human rights issue has been raised since the last years of the military government. The president merely made a rational proposal to try to solve them by looking to the future. As for the institutional reform, this is an issue that would have to be broached sooner or later.

[Correa] Wouldn't it have been better to solve the human rights issue now and leave the others for later?

[Insulza] The alternative was to wait until 1997. This would have meant holding elections with exactly the same problems that were left unresolved in the last elections thus causing an atmosphere of greater political unrest.

[Correa] Do you think this would have been better for the CPPD [Coalition of Parties for Democracy]?

[Insulza] Yes, but it is up to political parties to look for what suits them best and for governments to look after national interests. From the government's point of view it is much better to discuss today the issues pertaining to human rights, the designated senators... The idea is to propose a constitutional reform.

[Correa] Socialist leaders have maintained that it is an all or nothing situation.

[Insulza] I am a socialist but I believe in negotiations. We, particularly PS members, have experienced very

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bad situations because of upholding the all or nothing position. I do not believe in progress without compromise. I do not believe in the all or nothing stance. In politics, everything is subject to discussion and agreement. Furthermore, I believe that there is ample room for perfecting and negotiating the proposals submitted by the Executive Branch.

[Correa] Would the PS allow the approval of one draft and the rejection of another?

[Insulza] I speak for myself. It is up to party leaders to speak for the PS. I would regret it if all the proposals were not approved, but I believe that any advance signifies progress. All the subjects raised by the president are important; therefore, the approval of any one of them would be an important event.

[Correa] Do you agree with those who say that the administration is too lenient with the military?

[Insulza] No, I do not. The truth is that the administration is seeking an understanding.

[Correa] By yielding in everything...

[Insulza] If it had yielded in everything it would probably not be facing the problems it has today.

[Correa] Has the United States, which was so interested in the 'Letelier Case', case expressed concern about the fact that Contreras is hospitalized?

[Insulza] Because it was the site of the crime, the United States was interested in that the law be enforced, the Chilean law of course. In view of this, whether Contreras is in a common jail, a special jail, or in a hospital because he is sick should not be a reason for concern of any foreign government.

[Correa] Did Clinton make a political 'blunder' by congratulating Frei on the ruling?

[Insulza] More than a political blunder, it was a misunderstanding. It was not President Frei who sentenced General Contreras (Retired) but the Supreme Court. I would interpret this letter as a recognition to all Chilean democratic institutions.

[Correa] We were talking about the administration yielding to the military...was the 'Valmoval Case' [Armed Forces financial scandal] buried with President Frei's approval?

[Insulza] Everything indicated that the case would be dismissed in the following days and we did not want to deteriorate the situation even further.

[Correa] The Armed Forces are openly opposed to the constitutional reforms. Do you believe they are entitled to do this?

[Insulza] No, but individual citizens are entitled to express their opinion. According to the Constitution, the Armed Forces are nondeliberating bodies. As such, I believe they should not be allowed to express their support for constitutional reform.

[Correa] It is worth mentioning that in the Army's case, it was not only the Army commander who expressed his opinion through proper channels, but several other generals have also made public statements. What is the meaning of this?

[Insulza] That Chile must consolidate its democracy.

[Correa] What is the significance for Chile of the 'fast track' [two preceding words in English] approval by the U.S. Congress?

[Insulza] ...Undoubtedly, from the practical point of view, it is not the best solution.... We have a Republican Congress that approves the 'fast track' and a Democratic Party president who must implement it. It is obvious that the 'fast track' is useless if the President does not use it and it is obvious that the President will not use a 'fast track' if he does not agree with it.

[Correa] What will happen in practice?

[Insulza] It is very difficult for us to negotiate with this kind of procedure...because the U.S. Congress can modify the treaties, namely, amend them. In this case, the Executive Branch has to negotiate the amendments. A commercial agreement is always drafted on the basis of mutual concessions. Without a 'fast track' there would be no negotiations.

[Correa] And no NAFTA?

[Insulza] There will not be any negotiations for at least a while. The political situation would have to change which would create more delays, and we have a timetable to try to change the situation.

The truth is that we are not facing an anguishing situation over NAFTA. It is estimated that this year we will export about $15 million, a record figure. Because treaties are tools to promote trade and do not constitute an end in themselves, we are in the position to wait. We will continue to negotiate the other agreements that must be negotiated.

[Correa] You contend that it does not matter if there is a delay. Are the negotiations at such an early stage?

[Insulza] No, I do not think so...but I do believe that we cannot negotiate without a 'fast track.' I believe that whether we can negotiate or not during an election year does not constitute a problem: The negotiations are conducted by common government officials, they are not involved in the election process.

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[Correa] It seems that there is not much interest anymore?

[Insulza] Yes, we are interested in joining NAFTA. NAFTA is a good thing, but it is not as dramatic a thing as some think. The only problem with NAFTA is that 75 percent of Chileans believe that it is beneficial to join it, and 78 percent believe that we will join it this year... Let's get NAFTA off our minds!

[Correa] Which 'fast track' proposal do you prefer, the one proposed by the Democrats or the Republicans?

[Insulza] We believe that both the Democratic, which is more exhaustive, and the Republican versions are quite suitable. If it were up to Chile to vote on a 'fast track', it would probably approve both of them. Either of the two versions suits us fine. It is obvious, however, that since it will be used by the U.S. President, it would be much better if the version approved is the one he prefers.

[Correa] But if the negotiations encompass two years and if by then it is a Republican like Robert Dole who is sitting in the White House and not Clinton, does that mean we have lost our bet?

[Insulza] Undoubtedly, any delays have its consequences. For example, the first meeting of experts to discuss the Free Trade Agreement of the Americas which will be enforced on 2005 will be held in Colombia in January. Obviously, we will not have a good start if the possibilities for achieving a free trade agreement with the United States are so precarious. If the United States is unable to negotiate with one Latin American country, how can it offer to hold negotiations with all Latin American countries?

[Correa] Does this mean that this situation is causing the United States problems?

[Insulza] Of course it is.

[Correa] If in the end Chile is not included, will it be a major Chilean foreign policy defeat?

[Insulza] No. I am opposed to basing U.S.-Chilean ties on the joining of NAFTA. I do not believe our bilateral ties are based on NAFTA and I do not foresee a situation of defeat. I believe that sooner or later we will achieve a commercial agreement. Furthermore, I still do not reject the possibility that a 'fast track' will be approved before the end of October. I am more concerned about the negotiations. This is applicable to the United States, to Mercosur [Common Market of the South], and to the EU. We should never negotiate under pressure. If one is compelled to reach an agreement today, the end product is probably not going to be a good one. One must take the time that is necessary to negotiate calmly.

**On Difficulties With Mercosur**

The four member countries (Argentina, Uruguay, Brazil, and Paraguay) have higher custom tariffs than those enforced in Chile. The possibility of Chile joining Mercosur depends not only on the tariff rates but on the enforcement of differential tariff rates. They share a different economic policy concept than the one upheld in Chile. In Chile, the tariff system has no impact on the economic policy but in Mercosur countries it does because through them they promote some exports and discourage others. We will not negotiate on this issue.

**On the Integration Timetable**

Through Mercosur, we are seeking to get Chile involved in free trade areas. We hope to achieve this by 1995 or by the beginning of 1996. With NAFTA, it depends on the infamous 'fast track'. We hope to achieve it in 1996. With the EU, we hope to sign a framework agreement by the beginning of 1996 in order to start negotiations. The process of the lifting of custom tariffs will probably take more time: from three to five years. With APEC [Asia-Pacific Economic Cooperation], we are talking about 2010. At any rate, APEC will never be a free trade agreement but a consensus program for the lifting of custom tariffs.

**On the Joining the UN Security Council**

Chile is well integrated in world affairs but we should be able to integrate ourselves even more in international affairs. We believe the time has come for participation in the UN Security Council to be more flexible. There are other intermediate categories aside from the permanent members with veto power and members elected for only one time without veto power, such as: permanent members without veto power or nonpermanent members for extended periods of time. We uphold the implementation of a flexible policy.

**On the Laguna del Desierto**

I still have hopes that the ruling will be revised either partially or completely. To gain a small piece of land would be meaningful but I do hope it is more than a small piece of land.

**On the Glaciers Treaty**

I trust that it will be approved. It is a good treaty. At any rate, the approval of the treaty will take longer than what was originally expected. I hope that Congress reviews it with great calm.

**On the Lima Conventions**

Chile is always willing to negotiate but this is an issue that has already been negotiated. If Peru wants to

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negotiate or make "readjustments" to the approved text, it will mean we will have to begin a new negotiation process. The Chilean Senate has already approved the Lima Conventions. They encompass a treaty signed by the two governments. It is now up to the Peruvian and Chilean Congresses to vote on them. If they are rejected we have to open a new negotiation process. I hope the Peruvian Congress approves them. The basic issues are the pier, the railroad station, and the customs house. Chile committed itself to place these installations at the disposal of Peru. It also promised to place a statue of Christ on the Arica hill. There was never any discussion about territorial continuity. 'To place at the disposal of...' does not mean to surrender sovereignty.

[Correa] You said that if Peru wants to revise the Lima Conventions, Chile is also interested in revising many things...

[Insulza] There are several decisions that the Chilean Congress was not too happy about, but it had to issue a consensus vote and the Lima Conventions were approved. If Peru alleges that it dislikes certain issues encompassed in the Lima Conventions and it wants to revise them, my answer would be that Chile also dislikes some issues and that it also wants to revise them, but first we have to decide on the Lima Conventions as they are. Nothing should be left on the negotiating table. I am not willing to discuss isolated issues.

**On Ties With Bolivia**

Chile is not responsible for obstructing the resumption of diplomatic ties with Bolivia. Our bilateral ties are much more fruitful than what they have been in the past. But we want to have stable relations. We have always proposed the resumption of diplomatic relations which cannot be severed under any circumstance unless it is something very serious. Granting Bolivia a sovereign outlet to the sea presupposes yielding Chilean territory and a projection to the sea. From my point of view, this would create a territorial continuity issue.... Although all problems can be solved, this would be a very serious one. We are not just talking about a small piece of land.... This is a far more delicate issue than the Laguna del Desierto border dispute.

**Defense Minister on 'Threat' Response, Military Pay**

*PY2809161695 Santiago Television Nacional de Chile Imagen Internacional in Spanish*
*1100 GMT 28 Sep 95*

[FBIS Translated Text] Defense Minister Edmundo Perez Yoma declared that the time to transfer General Manuel Contreras to Punta Peuco prison is approaching. Therefore, he said, the implementation of a shared system for guarding him must be decided upon soon.

He also admitted that a threat prompted the stepping of safety measures around the president of the Republic on 18 September.

[Begin recording] [Unidentified reporter] Were there any grounds to this threat?

[Perez Yoma] Look, it was like a bomb threat received in a shop. You cannot run the risk, although you don't think it will really happen; rather, you must evacuate the building and take all the necessary measures. As I have told you, this is not the first time such a thing has happened; this sort of thing happens quite often, and we adopt various measures according to the case and what needs to be done. [end recording]

The defense minister also referred to the recent reports on General Manuel Contreras and Brigadier Pedro Espinoza, sentenced in the Letelier case.

[Begin recording] [Unidentified reporter] What does the government think about Brig. Espinoza's request to grant an interview which was not authorized by the National Prison Police?

[Perez Yoma] Well, I do not believe it will contribute.... [changes thought] I do not know why the Prison Police did not authorize the interview, but I think it was a correct decision. I do not think a person who has been sentenced and is in prison should give interviews in prison.

[Reporter] What about the Armed Forces' jurisdiction over Punta Peuco prison?

[Perez Yoma] Well, this is a subject the justice minister is assessing. We are strongly interested in a shared guarding of the prison. The time for Gen. Contrera's transference to Punta Peuco Prison is approaching, therefore, a decision in this regard is necessary.

[Reporter] Is there any chance Punta Peuco Prison might be placed under the jurisdiction of the Defense Ministry?

[Perez Yoma] We have not looked into that possibility.

[Reporter] Regarding salaries, Minister, it seems that the plan to draft a comprehensive gradual salary hike has failed.

[Perez Yoma] That is right. We were unable — we ran out of time — to draft a multi-year program. We are going to grant a partial salary hike for this year, which we hope will be fully satisfactory. [end recording]

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**'Crisis' Seen in Right-Wing Parties Over Amendment Issue**

*PY2809162095 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 28 Sep 95*

[FBIS Translated Text] The crisis among the right-wing parties is becoming more serious. The UDI [Independent Democratic Union] announced the suspension of relations with National Renewal [RN] until this party clarifies its position regarding the constitutional reforms.

[Begin recording] [Unidentified reporter] For the UDI, its difference with the RN regarding the constitutional reforms is a matter of principle.

[UDI President Jovino Novoa] Both the UDI and the Party of the South agree that one of the basic foundations of the Union for Chile Pact is the defense and strengthening of the current institutionality.

[Reporter] This is why, along with the Party of the South, the UDI announced the suspension of relations with the RN, waiting for this party to clarify its position on this issue. But the RN said that the ultimatum mitigates against unity and the search for common positions.

[RN President Andres Allamand] I have no doubt that the ideas we represent in the RN, that the profile we give to the center-right, is the only path by which we can defend our viewpoints adequately and democratically, and become a government choice in the future.

[Reporter] The PPD [Parties for Democracy] came out to mediate in the conflict by labeling the UDI attitude as political blackmail.

[PPD President Jorge Schaulsohn] It is absolutely ridiculous, from the conceptual point of view, to pretend that a Constitution is so perfect that it does not require any amendment. And the proposals made here are absolutely reasonable.

[Reporter] Schaulsohn gave assurances that the Coalition of Parties for Democracy will persevere regarding the idea of isolating the minority groups in order to secure approval of the government's proposals. [end recording]

**Brigadier Espinoza Submits Request for Presidential Pardon**

*PY2809163095 Santiago EL MERCURIO in Spanish 24 Sep 95 p C1*

[FBIS Translated Excerpt] The Justice Ministry has undertaken proceedings with regard to the presidential pardon request submitted on 22 September by former Army Brigadier Pedro Espinoza, who was sentenced to six years in prison for his involvement in the Letelier case.

Justice Minister Soledad Alvear said on 23 September that the Justice Ministry will first have to study numerous reports on Espinoza's conduct as well as other aspects before issuing a report that will later be submitted to the president, who will make the final decision.

Confirming that Espinoza had submitted a pardon request, Soledad Alvear said that on 22 September Espinoza sent a letter to the Justice Ministry in which he requested a presidential pardon, something which can only be approved by the president.

Alvear said: "As with any personal request, the Justice Ministry will undertake the proper proceedings, which, as you know, are confidential."

She said that there is no legal deadline to issue a report on the issue; consequently, she was unable to disclose the date when Espinoza's request will be replied.

She added that Espinoza has not yet served two-thirds of his sentence, a prerequisite established by law to be entitled to consideration for a presidential pardon. She specified, however, that although all those sentenced for murder (as in this case) must comply with this requirement, there are exceptions to the rule. [passage omitted]

**Denied Permit To Hold News Conference**

*PY2809165495 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 28 Sep 95*

[Speakers identified by screen captions]

[FBIS Translated Text] The National Prison Police Directorate denied Brigadier Pedro Espinoza a permit to hold a news conference yesterday. The former DINA [National Intelligence Directorate] agent had invited five journalists, one of them a Television Nacional reporter, to Punta Peuco prison.

After a self-imposed period of silence, Brig. Pedro Espinoza decided to speak, and for this purpose he invited a group of journalists to come to Punta Peuco prison during visiting hours.

Espinoza sent a letter to five journalists, among them Santiago Pavlovic of Television Nacional, telling them he expected them as of 1400. In the letter, he says he is experiencing an unfair situation, and for the first time explains why he asked for a presidential pardon. He also notes that he has fully respected the state of law. It was learned that Espinoza wants to express his unrest over the fact that General Manuel Contreras, also sentenced

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for the murder of Orlando Letelier, has still not been transferred to Punta Peuco Prison.

Espinoza entered this high-security prison on 20 June.

The journalists arrived at the prison at the scheduled time, but they were not allowed in. The attempts to enter the prison, although insistent, were unsuccessful. One prison police agent said that the normal procedure was to have an authorization from the prison police director.

[Begin recording] [Unidentified reporter] The inmates can be visited during visiting hours, right?

[Prison Police captain Juan Carlos Mendez] That's right.

[Reporter] But not in this case?

[Mendez] In this case the National Prison Police must state what the situation is. They have to tell you what the situation is.

[Pavlovic] We have asked the National Prison Police on several occasions for a permit and have been told to fill out several forms, which we have done, but we have still not been allowed to enter the prison. We do not understand why the brigadier is being denied his right to talk.

[LA TERCERA reporter Maria Eugenia Oyarzun] I think this is rather absurd if you come to see a person, particularly if you have a letter from that person asking you to come to visit him. [end recording]

While this happened in Punta Peuco, Prison Police Director Santiago Claudio Martinez in Santiago explained the denial through a communique. The note states that because the sentenced individual is lodged in a special high-security prison, he is suject to special visiting regulations that are appropriate for this type of prison.

## Colombia

### DEA Communique Rejects Minister Serpa's Statements

*PA2909013995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Sep 95*

[Satellite report by Daniel Rocha from Washington; from the "Seven O'Clock" newscast — live or recorded]

[FBIS Translated Text] It is not common to receive a communique from the State Department — the equivalent of the Foreign Relations Ministry — such as today's in connection with Interior Minister Horacio Serpa Uribe's statements.

The State Department categorically rejects assertions by Colombian officials on allegations that the DEA is involved in some conspiracy against the Colombian Government. This assertion is an attempt by the Colombian Government to ward off attention from ongoing investigations of some officials accused and involved in corruption. This type of conduct only serves to affect bilateral relations between the two countries. The commentaries made by Samper administration officials are very dangerous due to the atmosphere they have created. We hold the Colombian Government responsible for the security of all U.S. citizens.

The DEA, in turn, unequivocally denied its involvement in the attacks the day before and hopes Serpa directs his attacks to the drug Mafia that destroy lives and murders Colombian and U.S. citizens, instead of voicing baseless conspiracy theories. And we do not appreciate the scandalous commentaries by Serpa.

This could affect bilateral relations, but not the legal cooperation by the DEA, which is one of the most important points of this visit by Prosecutor General Alfonso Valdivieso.

### Pardo: Remarks Not 'Official Position'

*PA2809143095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 28 Sep 95*

[Telephone interview with Foreign Minister Rodrigo Pardo in New York, by News Director Dario Arizmendi and reporters Javier Ayala and Judith Sarmiento in Santa Fe de Bogota, on 28 September 1995; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We now greet Colombian Foreign Minister Dr. Rodrigo Pardo. Good morning, Mr. Minister.

[Pardo] Good morning, Dario. How are you?

[Arizmendi] The question everyone is asking today is: Why did Interior Minister Dr. Horacio Serpa said what he said and tried to implicate the DEA in the criminal attack against Dr. Antonio Jose Cancino, the president's attorney? Yes, sir. Mr. Minister?

We are going to talk to Colombian Foreign Minister Dr. Rodrigo Pardo. Yesterday, the interior minister stated: When I am asked if there are interests outside of the country devoted to generating destabilizing circumstances, I think yes. When I am asked if the DEA is involved, I say it makes a lot of sense to me. Then Serpa, to the surprise of everyone, declared: There are high-ranking U.S. officials who in social gatherings make all kinds of comments, speculations, and questions. They say the president is going to fall; and they say it will happen soon. I believe this is very serious.

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This is why we established contact with the Colombian foreign minister, to speak about this issue given that he represents the president as the chief foreign relations official. And the Government of Colombia wants to clarify these statements. Foreign Minister, again, thank you very much for being with Caracol.

[Pardo] Dario, the call went down as I began to answer the above question. In reality, I believe Dr. Serpa answered a question he was asked in a very sincere manner and with the firmness and righteousness that has always characterized all his answers. Now, I believe that at no time did he say the government's official position is that among the hypotheses being considered on who may be behind yesterday's attack, was the DEA or any U.S. agency. On the contrary, the truth is that among the hypotheses the government is considering is not the DEA or any U.S. organization.

We have understood and have explicitly understood from the U.S. Government and the Department of State that its policy regarding the situation Colombia is experiencing and the investigations that are being made is of absolute neutrality. And we believe this is how things are, and we agree with the fact this must be the U.S. policy and things should remain like that in the future.

[Arizmendi] Mr. Minister, can it then be inferred that the official Samper Government's position differs from that of the interior minister, who you just said spoke with sincerity, firmness, and righteousness?

[Pardo] Yes Dario, in the sense that Dr. Serpa did not intend to state his view as the official position. He just answered a question he was asked in this regard. But at no time did he intend to state an official declaration, which, on the contrary, is expressed in the communiques issued by the presidency of the Republic yesterday and the day before yesterday. In these communiques, the aforementioned hypothesis is not among the ones that are being considered by the government.

[Arizmendi] However, the government's communique talks about national or international groups or interests. Since this is stated in the official communique, what foreign interests does the communique refer to?

[Pardo] It is stated in very general and unspecific terms. What I can tell you, Dario, is that it is not the DEA or the U.S. Government because from these two organizations, what we have received and what we expect and what we want and what we even demand, is that there is neutrality and nonintervention in the internal affairs of our country.

[Arizmendi] Have you heard any reaction from the U.S. Embassy in Bogota or from the DEA?

[Pardo] No, the truth is that not yet Dario. By chance, and not because we sought it, precisely today at 1100 I have an appointment scheduled time ago with Mr. Alexander Watson, assistant secretary of state for Inter-American Affairs. I do not know whether the topic will be touched at this meeting, but we have not yet done so.

[Arizmendi] The government, in its communique, referred to foreign interests, and you just said with absolute clarity and firmness that it was neither the DEA nor the U.S. Government. What other foreign interests could be involved in such an important attack?

[Pardo] I think that this is under investigation and that it is somewhat premature to confirm that claim. It is evident, however, that the very grave drug problem, which is a transnational matter, is behind this. It is evident that there are citizens and persons in other countries, or Colombians with ties to other countries, involved in all this.

[Arizmendi] Mr. Foreign Minister, you are in New York attending activities to mark the 50th anniversary of the United Unions, and we thank you for this contact with Caracol, but I will read to you another statement by the interior minister, who is not just any minister, but a political minister who is also the right-hand man of the president of the Republic. He stated: There are high-ranking officials of the U.S. Embassy, who at social gatherings, make all kinds of conjectures, speculations, and questions on whether the president will fall, or that this will happen soon. I think that this is very grave. What do you know, as part of Samper's cabinet, is this true or speculation by the interior minister?

[Pardo] I think, Dario, that one must not stretch the importance of Minister Serpa's statement. He has clearly noted that he heard that some officials made those comments. The truth is that I can only refer to, as I have in the past, to public statements by the U.S. Government. We have done this with absolute clarity and firmness even when we have had differences. I think, however, that we cannot implement a policy or maintain our relations with this country — relations that are very important for our country — simply on the basis of possible reports on comments made privately at cocktail parties.

[Arizmendi] The interior minister, however, repeated those cocktail party comments.

[Pardo] Yes, as I said, I think that Dr. Serpa, with his great straightforwardness and honesty says what he thinks and he has a right to say and think what he pleases. I repeat, however, that one must not stretch the importance of his statement. Dr. Serpa simply stated that

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he heard, what persons from the U.S. Government said. As for the policy and the way we handle our relations, we will have to stick to official statements that have never taken that direction; quite the contrary, they have on several occasions reaffirmed that there is neutrality; that there is a policy of not meddling in Colombia's domestic affairs.

[Arizmendi] Minister, you might have heard a comment from a very good source, I have it here, it came from a conservative source. It claims that during a social gathering a few days ago Ambassador Frechette, in front of certain congressmen of the Conservative Party of Colombia, stated: Have you contacted Vice President Humberto de la Calle? Because the Samper government will last eight days, 15 days; you must look ahead. What is the state of your contacts for the new government? Have you heard this, minister?

[Pardo] I have not heard that exactly; I have heard other versions. I have, however, asked Ambassador Frechette officially about this and he denied this. He explained to me that he has contacts with the various political forces in the same way that any ambassador would seek them to secure good information, and to report to his country the impressions and opinions of the various parties and different political forces. I think, Dario, that at a time when there is so much confusion and so many difficulties in our country, it is very important to remain calm, as the communique of the presidency of the Republic itself stated yesterday. We must act with great prudence instead of acting on the basis of versions that could be expanded and distorted. We should stick to official statements especially when we are dealing with official positions and an official position from a government as important as that of the United States.

[Arizmendi] Precisely, that calm and prudence with regard to an official position is what is being demanded from Dr. Serpa, Mr. Foreign Minister.

[Pardo] I repeat that one should for no reason criticize or doubt (?someone) who throughout his life has been frank, has voiced his thoughts, has been radical in his positions against all criminal expressions, has placed his life on the line for voicing his thoughts passionately, and has had a successful career for that reason. I do not think that he should be criticized for being honest and upright.

[Arizmendi] But perhaps because of his words, for the unproven statements that he made, Mr. Minister.

[Pardo] I think, Dario, that the important think is that the official positions of the government, which have been voiced through communiques and that... [pauses] I repeat, I think that we must not stretch Dr. Serpa's statements.

He has never stated that Colombia's official position is that the DEA was involved in yesterday's attempt against Antonio Jose Cancino. On the contrary, that possibility has not been included, but it has rather been excluded, from the government's official statement.

[Arizmendi] Let us say then that this possibility is not being considered regarding yesterday's attack. However, I want to reiterate Serpa's remarks: Whenever I am asked whether or not there are foreign interests involved trying to destabilize the country, the answer is yes. Whenever I am asked whether the DEA is behind this, I answer: it sounds very much like it. Aside from yesterday's attack, is the DEA helping to destabilize the country?

[Pardo] I do not think so. I believe we are working with the DEA precisely to achieve the country's stability. We are working within a framework of cooperation to fight drug trafficking, which is the greatest destabilizing force in the country. I believe Colombia and the United States have major disagreements regarding many topics, and it is beneficial for the two countries to state them and discuss them with absolute clarity.

However, we must work with the DEA to be able to defeat drug trafficking, which constitutes the most destabilizing force of the Colombian political system through terrorism and narcocorruption. You must have noticed that Serpa's remarks are full of qualifiers and adverbs that moderate his remarks. In addition, his remarks are made in response to a question by a reporter; this is not something he has meant or has wanted to say.

[Arizmendi] In any case, he has made these remarks. As Colombia's head of foreign relations, are you disavowing the remarks by Interior Minister Serpa?

[Pardo] No. I would never criticize Serpa's honesty. However, I would like to clarify that Colombia's official position does not include the DEA's participation in yesterday's attack as a possibility and that our relations with the DEA are characterized by mutual respect and cooperation in the fight against drug trafficking.

[Arizmendi] A few moments ago, when you were giving us your assessment of the meaning behind the communique issued by the government yesterday at noon regarding foreign interests, you referred to the interests of Colombians living abroad. Exactly, which Colombian interests abroad were you referring to?

[Pardo] My argument is that the power of drug trafficking is behind all this. It is behind the situation being

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faced by the country and has always been behind the most difficult situations faced by the country in recent years. Drug trafficking is a transnational phenomenon. In more than one occasion, many other countries — not only Colombia — have brought up the drug trafficking issue during the meetings I have attended here in New York. These other countries are very concerned because after the blow received by the Cali Cartel in Colombia, drug trafficking has begun to spread to other countries. I will focus on this topic in my speech before the UN General Assembly tomorrow. I believe that now more than ever, and even though Colombians have been talking about this since more than 15 years ago, the interest in this issue — which we always sought and which unfortunately was never there — is currently at a peak. There is great interest in this issue because the threat that drug trafficking already has its eye on other countries and the possibility that it may be even moving to other countries are much greater. This is what I was referring to.

I believe drug trafficking, which pervades all this and every aspect of the current situation in Colombia, has a transnational nature, and its agents — the members of this vast transnational network — are deployed in other countries.

[Arizmendi] Then, do you believe that drug trafficking might have participated or might have been behind yesterday's attack on Cancino?

[Pardo] We cannot rule out this possibility, and the security organizations are considering it. We cannot rule out this possibility as we cannot rule out the participation of guerrilla groups or common criminals either. However, even if those responsible for yesterday's attack were not drug agents, it is obvious that the current situation — the accusations and attempts to infiltrate political campaigns — is due to the transnational phenomenon of drug trafficking, and Colombia is only another victim.

On other occasions, we were victims and suffered the consequences of this problem as we endured its violent expression through narcoterrorism. At present, we have seen that it is manifested in a perhaps more dangerous, confusing and difficult form — narcocorruption — and it is among all these versions and chaos that yesterday's attack took place.

[Arizmendi] You were talking to us about the respect and joint work with the DEA, autonomy, and sovereignty. What can you tell us about the information the DEA gave you about the unconventional manner with which it took former DEA agent [as heard] Mr. Guillermo Pallomari out of the country.

[Pardo] To be frank, we have not clarified that matter. We do not know how it happened exactly. To be sure, in that case, as in any other case or cooperation mission we conduct with the DEA, we demand strict compliance with the Constitution and laws of the country. Not just Colombian officials, but U.S. diplomatic representatives as well, have made it clear, announced publicly, and reiterated time and time again that this cooperation must be conducted based on the laws, the Constitution, and the treaties regulating relations between the two countries.

[Arizmendi] Will the Colombian Government, then, ask the DEA to explain how Pallomari turned up in the United States? There are very serious news reports stating he was flown out of Colombia aboard a DEA airplane.

[Pardo] We have not made a formal and specific request. No doubt, however, we are interested in knowing how all of this happened. Colombian security corps are conducting an investigation. They also have some information on how the departure of this Chilean citizen may have taken place.

[Ayala] Mr. Minister, you told us you have an appointment at 1100 with Mr. Alexander Watson. The appointment and the topics had certainly been set already. Can you tell us about it?

[Pardo] We generally take advantage of the opportunity afforded by the presence of ministers and representatives from all the countries at UN General Assembly [UNGA] to discuss bilateral matters. On this occasion, this was the point. The purpose is to review how relations between the two countries stand, what has happened recently, some plans we have to talk about regarding visits, visits by congressmen, visits by Colombian congressmen to the United States and vice versa. That was basically it.

[Arizmendi] Mr. Minister, this last question, and we thank you for talking to Colombian Caracol network, what other topics will be included in your address before the UNGA tomorrow?

[Pardo] I will make a proposal on the reforms to the United Nations that are being discussed in the 50th General Assembly. For Colombia, [words indistinct] centers on the need to democratize this organization. This is as simple as saying that the decisions the UN makes should reflect the opinion of the majority of its members. Unfortunately, the trend is to take the decisions in the Security Council where the permanent members have a very high superiority. Here, this point is being greatly discussed. Since a group is studying

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reforms to the San Francisco Charter, countries are expressing their views on this topic.

There are also other matters that are important from a political standpoint, such as the topic of nuclear tests. I will also express Colombia's stance rejecting nuclear tests and supporting the signing of a treaty to ban nuclear tests in a definite and total manner. I will devote most of the time to discussing the need for a truly overall and international policy against drug trafficking, using available mechanisms but reviewing them to ensure they function more efficiently that they have until now.

### Samper, Serpa Meet, Discuss Crisis

*PA2909021195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Sep 95*

[Report by Orlando Guerrero from the Narino Palace; from the "Seven O'Clock" newscast]

[FBIS Translated Text] Interior Minister Horacio Serpa and other important government officials have been meeting for several hours to analyze the grave crisis with the U.S. Government. Horacio Guerrero is at the Narino Palace and he has details.

[Guerrero] President Ernesto Samper and Interior Minister Horacio Serpa Uribe have been in an ongoing meeting that has already lasted four hours and five minutes. They have prepared a communique and this newscast has excerpts of it.

The interior minister is going to clarify that at no moment and in no statement issued by him, it is viewed as a fact that the U.S. Government or a U.S. agency participated in the attack on Attorney Antonio Jose Cancino.

The communique to be made known by the interior minister will try to consider the case closed. It will also explain that the U.S. Government has not been participating in any plot against President Samper.

This will be the main points of the statement to be made in approximately five minutes in the Ministry building, at the conclusion of the minister's meeting with President Ernesto Samper.

### Prosecutor Valdivieso Rejects U.S. 'Plot' Talk

*PA2909023095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Sep 95*

[Report via satellite from Washington by Daniel Rocha; from the "Seven O'Clock" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] Prosecutor General Alfonso Valdivieso has confronted the government. He said in Washington that talk about a conspiracy against Colombia is just an attempt to discredit everybody. Daniel Rocha has the details.

[Rocha] Prosecutor General Alfonso Valdivieso began his first day of meetings in Washington today. In the morning, he attended a ceremony to dedicate the Latin American Judicial Reform, an event organized by the Inter-American Development Bank. He had his first bad moment of the day when he tried to enter the building; security officers demanded that he show them identification.

The document released by the Colombian Government in the past few hours drew an immediate response from Valdivieso.

[Valdivieso] "When I am out, the deputy prosecutor general assumes absolute control, so I do not think that the communique's statement, or insinuation, challenging the control being maintained by the Prosecutor's Office, was appropriate."

[Rocha] The prosecutor general referred to an alleged plot by national and international organizations.

[Valdivieso] "I have never believed in the plot theory. I think there is no reason to interpret facts in this radical way. The work of the Prosecutor's Office is moving along normally."

[Rocha] The prosecutor general said that there could be a plot against Deputy Prosecutor General Adolfo Salamanca in Colombia.

[Validivieso] "There is the impression that some action could be taken to undermine his standing as a professional."

### Government 'Annoyed' With U.S. Envoy

*PA2809141095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Sep 95*

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] When the government talks about a foreign plot it is not only referring to DEA

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members, but the criticism is aimed against U.S. Ambassador to Colombia Myles Frechette.

The government is very annoyed over the statements by U.S. Ambassador Myles Frechette in social gatherings. Frechette, according to those who have heard him, bets that President Samper will fall this year. This situation has become unsustainable to the point that the government is seriously considering forwarding a diplomatic protest over the private statements by Ambassador Frechette.

For the government, it is strange that while the U.S. State Department maintains a prudent silence and says the juridical ruling must be awaited, Ambassador Frechette has adopted a different attitude.

**Prosecutor Determines Drug Funds Used in Election**

*PA2909042995 Madrid EFE in Spanish 0315 GMT 29 Sep 95*

[FBIS Translated Text] Santa Fe de Bogota, 28 Sep (EFE) — Prosecutor General in Charge Adolfo Salamanca stated tonight that it had been fully determined that the election campaign of President Ernesto Samper and Vice President Humberto de La Calle had received funds from drug trafficking sources.

Nevertheless, Salamanca clarified that the Office of the Prosecutor had not entered to establish if Samper was aware or not "because the president has his own judge, which is the congress."

The prosecutor general in charge made the previous announcement to the "CMI" television newscast, and ruled out any involvement of the Office of the Prosecutor General in an international conspiracy against the Colombian Government. Adolfo Salamanca also disclosed that other high-ranking officials who occupied positions of directors during Ernesto Samper's presidential campaign could also be sent to prison for being involved in crimes such as illegal enrichment, misrepresentation, and corruption, among others.

This is the first time the Office of the Prosecutor General acknowledges that it has been able to confirm that Samper's presidential campaign received contributions from drug trafficking.

Charges that Sampers was elected through the support of funds originating from the drug mafia have immersed his government in the most severe political and institutional crisis in the recent history of the country.

**FARC Plans To Occupy Uraba Villages 'Next Saturday'**

*PA2909014095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0022 GMT 29 Sep 95*

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] One hundred guerrillas of the FARC's [Revolutionary Armed Forces of Colombia] Fifth Front plan to occupy several northern Uraba villages next Saturday taking advantage of the Army's displacing itself toward the country's southern region, the so-called banana hub. In addition, they have distributed fliers threatening people with death, the mayors of the area reported today after meeting with President Ernesto Samper.

One of the threatened municipalities is Necocli, from where the Army pulled out the 200 men who protected the village.

[Begin Necocli mayor Alberto Garces recording] There are rumors circulating. We do not know where they originate or whether they are justified or groundless. That there are rumors is a fact, however. [end recording]

At the same time, the situation remains critical in the banana hub, particularly Apartado. Between yesterday and today, FARC distributed hundreds of fliers threatening the civil population.

[Begin Apartado mayor Gloria Cuartas recording] I would like to ask the guerrillas and the paramilitary to refrain from using these messages because they elicit even more fear and anxiety. [end recording]

Finally, this station learned that the FARC's fifth front took advantage of this meeting between the mayors of Uraba and Samper to deliver a message, whose contents, as well as the government's reply, will be announced in a few days.

**Attorney General Vasquez Criticizes Process 8,000**

*PA2909132995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 29 Sep 95*

[Report by Carlos Silva Mejia; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Armenia — Attorney General Orlando Vasquez Velasquez has charged that Process 8,000 offers no guarantees and the individual rights of the accused have been violated:

[Begin Vasquez recording] The justice that the country needs is not one involving a show, but a justice yielding results after [words indistinct] investigations

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and granting guarantees, such as the right to a defense; and that allows the accused to at least challenge the evidence instead of condemning them without a trial. We must definitely eradicate this to ensure that there is truly a guarantee that the rights of individuals will be respected. We must not apply that popular slogan that one must first knock down and build afterward. Things must be done correctly in a state and society that claims to be democratic. [end recording]

Attorney General Vasquez Velasquez also demanded honest and swift actions to reverse the serious damage caused to the country by a justice that involves a show.

## Ecuador

### Government Declares National Power 'Emergency'

*PY2809183795 Quito Voz de los Andes in Spanish 1700 GMT 28 Sep 95*

[FBIS Translated Text] The government has declared a nationwide power emergency due to the current power shortage that started almost two months ago.

The government has decided to implement the national power emergency decree to confront the crisis the country is currently enduring. This decree was issued during a previous administration but was never implemented, according to Galo Abril, energy and mines minister.

The minister said that with the implementation of this decree, the government will be able to expeditiously file draft bills for the power sector. Abril said that there are several projects financed by national and international private resources which require a series of procedures that, with the ratification of the nationwide emergency, will allow the pertinent organizations to speed up their reports.

The minister said that, in addition to the time wasted during previous administrations, we have thus far wasted another three years. He also said that one of the government's priorities in this regard will be to hire a barge [barcaza] from the United States that will generate 60 megawatts.

Abril said that, in this regard, we are improving the contracts and awaiting the corresponding reports. He said that, in addition to this first project, the government has approved the purchase of power from Colombia and the transporting of several turbines from Mexico.

The minister added that with all these projects Ecuador hopes to generate 322 megawatts of power, with which the normalization of the power supply will be guaranteed by December.

## Paraguay

### Boettner Calls for U.S. Lifting of Cuban Embargo

*PY2809143595 Asuncion ABC COLOR in Spanish 28 Sep 95 p 7*

[FBIS Translated Excerpt] During his 27 September address to the plenum of the 50th UN General Assembly that is taking place in New York, Foreign Minister Luis Maria Ramirez Boettner stated that Paraguay wants the U.S. embargo against Cuba lifted. He also reiterated the Paraguayan Government's position of rejecting the fraudulent $100 million loan that was contracted in 1987 by Gustavo Gramont Berres.

In his six-page address, the foreign minister dedicated two paragraphs to Cuba. In one of the paragraphs he pointed out that "Paraguay reiterates its full support for the Rio Group regarding its declaration calling for the lifting of the embargo against Cuba, and Paraguay affirms its solidarity with the fervent desire for the required changes in accordance with the popular will, respecting, on our behalf, the self-determination of peoples and the principle of non-intervention." [passage omitted]

On 3 November 1993, Paraguay voted against Cuba in the United Nations, and the then foreign minister, Diogenes Martinez, justified Paraguay's position by stating: "Humanitarian rights must not be denied to any country. But this is a political measure on the part of the U.S. Government based on principles that we, within the framework of the program of engineer (Juan Carlos) Wasmosy, maintain; namely, respect for human rights and the full enforcement of democracy." [passage omitted]

### President 'Pleased' With End of Party Infighting

*PY2909030895 Asuncion ULTIMA HORA in Spanish 22 sep 95 p 6*

[FBIS Translated Text] President Juan Carlos Wasmosy is pleased with his mediation during the negotiations to overcome the Colorado Party crisis. From now on the president can concentrate on the consolidation of democracy and solving the social and economic problems afflicting the country. He thinks that now he will be able to rule in a more relaxed climate. This is the comment made by the president to his immediate assistants at the beginning of his activities today.

Wasmosy said that he hopes all Colorado Party activities, in the capital as well as in the interior of the country, will be conducted within the law to avoid complains and new hurdles that might postpone the election scheduled for the end of November. This remark came from Gustavo Rene Gonzalez, of the Association

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of Paraguayan Departmental Boards (Ajudepa) and a member of Alto Parana's Departmental Board, at the end of a meeting with the head of government.

"The president told me that now we must choose the people who will become members of the Party Tribunal and make sure that everything is done according to the law," Gonzalez said.

Wasmosy expressed hopes the agreement between candidates competing for the Colorado Party presidency will make the definitive institutionalization of the party possible.

The president went to his offices at government palace early this morning. He started the day by telling his main assistants that he was very pleased with the agreement reached by Colorado Party leaders at the presidential residency last night because it will pave the road for unity within the Colorado Party.

The main obstacle facing the president when trying to implement his government program, in the social as well as economic aspects, has been the constant criticism and opposition of Luis Maria Argana, the Colorado Reconciliation faction leader. Wasmosy expects Argana to stop his campaign against him now that he signed the agreement to compete in free elections.

## Venezuela

### Team To Meet IMF, World Bank Officials in U.S.

*PA2809190595 Caracas Venezolana de Television Network in Spanish 1545 GMT 27 Sep 95*

[From "The News" newscast]

[FBIS Translated Text] The Venezuelan mission, which traveled to the United States to meet with IMF and World Bank representatives, will start holding talks today. The main goal of this meeting is approval of a $1.5 billion credit. Its payment strategies are contained in a social and economic program.

[Begin recording] [Unidentified reporter] The proposal was called Agenda Venezuela and, as was already said, is based on the gradual adjustment of macroeconomic variables, that is, non-access to shock policies.

Edgar Paredes Pizzani, minister of coordination and planning, who is currently in charge of the Finance Ministry, said that changes must be accompanied by state reforms and social programs. The following will be presented to the IMF: Fiscal balance within two years, rescheduling of the foreign debt to establish servicing of the debt not to exceed 25 percent of the budget, fiscal reform, and dismantling of controls.

[Paredes] We have the highest expectations that in this round of talks — first with IMF authorities, although we will propose a joint meeting with multilateral organizations headquartered in Washington to the extent possible —they will understand the proposal presented by Venezuela and its government on a policy that is autonomous and sovereign and that takes into account not only isolated economic variables or macroeconomic variables, but also their political and social repercussions. [end recording]

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